

SAFETY
ICES COMPANY
OV 2 1956
LIBRARY

Management RECORD

April 1956 • Vol. XVIII • No. 4

- The Use of the Case Method
- Labor Leaders View SUB
- The Cost of Medical Services
- Motivation and Productivity



NATIONAL INDUSTRIAL CONFERENCE BOARD

CONTENTS

SPECIAL ARTICLES

Training Managers by the Case Method	118
Selling Today's Seniors	121
Labor Leaders View SUB	124
Motivation and Increased Productivity	128
What Companies Pay for Medical Services	132

REGULAR FEATURES

Labor Press Highlights	138
Trends in Labor Relations	139
Briefs on Employee Benefits	141
Significant Labor Statistics	142
Consumer Prices Unchanged in February	143
Wage Adjustments Announced	151
Management Bookshelf	123, 150

Management Record is prepared by

Division of Personnel Administration: S. Avery Raube, Director; Louis A. Allen, Assistant Director; James J. Bambrick Jr., F. Beatrice Brower, Marie P. Dorbandt, Harland Fox, George H. Haas, Stephen Habbe, Nicholas L. A. Martucci, George V. Moser, Scott Nicholson, John O'Brien, Geneva Seybold, Harold Stieglitz, Doris M. Thompson.

Statistical Division: Paul W. Dickson, Director; James C. Apicella, Helen Bachner, Leonard R. Burgess, John E. Denes, Harry S. Denning, Mitchell Meyer, John Napier, Martha Pearson, Olive E. Vaughan, Herbert Weinberger, Judith Wishnia, N. Beatrice Worthy.

Editorial Staff: Aileen Kyte, Barbara Zacharias. **Charts:** Paulette le Corre Lydon, Lawrence M. Osborne, Rosanne W. Reilly, Jacqueline Rothman, Madeleine Susswein, James W. Whittaker, Margaret Whittaker.



Management Record

April, 1956

Copyright 1956 by
National Industrial Conference Board, Inc.
460 Park Avenue, New York 22, N. Y.

Vol. XVIII, No. 4

• In the Record •

Training Managers by the Case Method

Many companies employ at least one executive whose decisions appear arbitrary or are only known to his associates after the deed is done. Further down the line, problems may wind up in a grievance committee because a first-line supervisor didn't take the stitch that would have saved nine.

These executives and supervisors may be lacking in two important managerial skills. One is the ability to determine the relevant facts of a problem, think it through logically and arrive at a just and equitable solution. The other is the ability to communicate this decision so that it is understood both by the manager's associates and the men under him.

Standard management training methods have often failed to impart these skills. But some companies believe there is a training technique that accomplishes this—the case method. It has several variations, each suited to particular needs and circumstances. In the story starting on the next page, this method and its four principal variations are carefully described, with the advantages and disadvantages of each weighed.

• • •

Labor Leaders View SUB

"What's good for the UAW isn't necessarily good for us" might be said to sum up the results of a Conference Board poll seeking to find out whether union presidents favor SUB plans for their unions. But this doesn't mean that most unions aren't interested in employment security or that they are actually opposed to SUB. Often labor leaders who expressed little interest in SUB explained that such plans can't be negotiated in their industries or are of little use. They see higher severance pay, the shorter workweek or unemployment compensation as more desirable. As a matter of fact, most think liberalized unemployment compensation is the basic means of providing greater income security.

But not all unions are seeking alternatives to SUB. Some, notably the Steelworkers, not only favor SUB but are making it a major goal.

The article starting on page 124 discusses all these divergent points of view.

What Companies Pay for Medical Services

Considering the tremendous sums of money that companies are spending on their medical programs, there can be little doubt that they recognize the importance of keeping employees healthy. And the cost figures suggest that this may be even more true today than it was ten years ago. The article starting on page 132 looks into such questions as: What is the total cost of a company's program? What is the per-employee cost? What is included in figuring these costs? And, when figures are available, how do present costs compare with amounts spent in 1945?

The data are often complicated but the trend is clearly toward better health services for employees.

• • •

Selling Today's Seniors

When a company is able to recruit its full quota of college graduates today, that's news—particularly if the recruits are engineers. Alco Products, Inc., is a company that falls in this enviable category; for over ten years Alco has been signing up its quota of seniors.

What is this company's program? How does Alco do it, when the average company can expect to get only two-thirds of the graduates that it wants? The story starting on page 121 examines Alco's approach to recruiting. Don't expect any magic formulas. An Alco representative says "We have no gimmick, and we probably wouldn't use one if we did." Rather, a straightforward, well-thought-out recruiting program that stresses friendly, close working relations with several nearby colleges has been the basis of success.

• • •

Electricity and Gas Are Bargains!

Can you name any consumer good or service that is cheaper today than it was in 1935? Believe it or not, there are a few. One is electricity. And gas has shown only a small increase over the two decades. The article beginning on page 143 analyzes and traces the price movements of these two important consumer services. The recent changes in the Board's price index are also reviewed.

Training Managers by the Case Method

The ability to think logically and concisely and the ability to work well with other people are two important skills that the case method approach has often been successful in teaching

AS A COMPANY GROWS in size and complexity, the training of managers becomes one of its most pressing tasks.

Many of the standard teaching methods have been adapted successfully to management training. The lecture and informational conference, for example, are helpful in communicating sound management principles. Job instruction training procedures have been used for developing specific supervisory skills, such as grievance handling, order giving, reprimanding and so forth. And role playing has often made this training even more graphic and effective.

But none of these customary methods of instruction has proved entirely successful in developing two critical management skills:

- The ability to think logically and concisely;
- The ability to work with other people.

One reason for the difficulty, of course, is that intangibles are being dealt with here. In addition, effective human relationships are largely a matter of attitude—of how one feels about people. And ordinary methods of instruction often do not influence a person's basic values and habits with regard to other people.

Can these skills be imparted? Some companies answer yes—through a form of instruction called the case method.

Adapted from a method of teaching law and medicine, the case method is, basically, an attempt to develop management skills through the study of concrete situations. The case method has two parts: *the case history*, which is the description of a managerial problem; and *the case discussion*, which is the group's collective analysis of the case, with a view toward defining the problem, identifying its important components, weighing the issues, and sometimes coming up with a solution.

In business, its primary use has been in the area of management development. And inspiration for the method has largely come from the case discussion methods developed by the Harvard Business School over the past forty years. Since its introduction into industry about eleven years ago, the case method has

received growing acceptance, until today it is used in one form or another by some 300 companies.

ADVANTAGES OF THE CASE METHOD

Many educators and training men feel that the case method is tailor-made to the needs of management training. They list eight features of the method which they believe are particularly important in training effective managers.

- The case method requires each manager to develop his own principles rather than having them spoon-fed to him. As a result, it trains men to think for themselves.

- By dealing in specific cases, it makes management concepts easier to understand.

- The case method encourages full participation and thus helps to hold attention and maintain interest. People tend to pay closest attention when they are actively involved in a discussion. As a result, most companies find that the level of interest in a case discussion is higher than in a lecture or instructional conference.

- Retention, or the carry-over of changed attitude into daily behavior, is also increased. For example, management development specialists have reported that some managers who were appraised as deficient in human relations skills have shown marked improvement after participation in a case discussion series.

- The case method encourages the development of habits of logical thinking. Because most cases contain a network of conflicting interests and motives, the group members are forced to reason carefully and logically.

- It affords practice in clear and effective communication, and thus attacks the cause of many management problems at their base. It requires participants to phrase their ideas in such a way as to be understood by the rest of the group. As a result, group members learn to appreciate the importance of stating things clearly so that they can be understood. The personnel manager of a large electronics company says:

"One of our biggest headaches is the manager who gives orders and makes decisions without talking it over with

associates beforehand. We've come to feel that one reason he acts this way is that he has difficulty getting his ideas across. Participation in case discussions helps him to accept the fact that real understanding is hard to achieve; and that rephrasing, re-emphasis, and listening are all necessary for putting ideas across."

- It changes attitudes without arousing resentment. Before a person's thinking undergoes a change, he often has to feel that the new ideas are his own. By allowing each participant to come to his own conclusions, the case method overcomes the resentment people have against "being told." Many companies consider the ability to induce change in a person's way of thinking the case method's main advantage. A spokesman of a large public utility says:

"Much of our management training is therapeutic in nature. The men come to meetings with prejudices that have developed out of their own involvement in situations. The case discussion gets at both sides of such situations without bias. The manager is helped to change his attitudes without ever feeling that he has been criticized."

- The case method utilizes the experience of all the group members, not just the leader's alone. Because all participants are able to bring their own thinking to bear on the case problem, a much wider range of experience is provided. The General Electric Company, for example, believes that the greatest benefit derived from its case program has been the opportunity to tap the experience of veteran managers. This cross-fertilization of ideas means that fresh points of view are brought to bear on each manager's thinking. And many companies find that excellent results are obtained when managers from unrelated operations are given an opportunity to exchange ideas.

Limitations of the Case Method

Many training directors claim, however, that the case method is not always the preferred way of training managers. For one thing, they say it does not get *new* knowledge across effectively. Lectures or informational conferences are considered a more direct and effective way of imparting new information.

Also, the case method frequently gives rise to doubts, misgivings, and frustration until the participants learn to think for themselves. There is often a period of disheartenment while the group is being weaned away from dependence on the discussion leader for answers.

Finally, the case method takes time. And since results are not quickly apparent, much of this time may seem to be wasted. Often twelve or thirteen two-hour sessions are necessary before the benefits of the case method become apparent.

TYPES OF CASE DISCUSSION IN USE

To overcome the problems which arise in teaching by the case method, the Harvard Business School,

MIT, and some companies have devised variations of case instruction. The four most frequently used methods are:

1. The Harvard Approach
2. The Incident Process
3. The Abbreviated Case
4. The Recorded or "Canned" Case

1. The Harvard Approach

One of the leaders in case method instruction is the Harvard Business School, which pioneered its use in advanced management courses over forty years ago. The Harvard method has five identifying characteristics:

- It uses documented and often lengthy case situations.
- It uses a nondirective approach. That is, class members and instructors alike have equal access to the necessary information and equal opportunity to derive their own principles from the case. The discussion leader comes to the fore as little as possible, acting more as a prodder and a discourager of digression.
- It depends upon skillful, if restrained, discussion leadership.
- It requires intensive research in the preparation of cases. The university maintains a staff of case writing specialists to keep its library supplied and up to date.
- It requires rather extensive preparation on the part of the participants. Often as much as two or three hours of reading are needed to prepare a member for a case session.

Advantages

Because of the painstaking research that goes into the preparation of a Harvard case, the Harvard approach offers three distinct advantages.

It demands concentration and analysis. Because Harvard cases are lengthy and complex, they offer greater opportunity for sustained and logical analysis than is possible with less complete material. Complicated problems such as the analysis of business records and company statistics can be tackled through the use of Harvard cases.

Since Harvard shuns the use of imaginary or "made-up" cases, real issues are always concerned. As a result, participants learn to think in terms of real situations that are likely to confront them on the job.

A wealth of data is presented. The participants are compelled to single out the central issues from a host of less important ones. As a result, the ability to reason logically is exercised.

Disadvantages

However, despite these advantages, some problems frequently arise in the use of Harvard cases.

For one thing, there is a tendency to lose the group while it goes through the frustrating stage of learning to think for itself.

Harvard cases require intensive preparation. Two to three hours of study are often needed to prepare for a single case. This is all right in academic situations where students can devote full time to their studies. But busy managers frequently feel they do not have time to prepare adequately. As a result, case discussions sometimes suffer because all of the members do not have the necessary facts at hand. One company found, for instance, that the quality of case discussions improved when it cut down the length of the reading assignments. The company's personnel manager explains: "The men wouldn't admit that they had not read the assignment. Instead, they tried bluffing their way through the discussion, became argumentative, and tended to stray off the subject."

Because Harvard cases are based upon events which have actually occurred, there often is difficulty in securing good cases. Companies are sometimes unwilling to release all of the necessary information about significant problems. In addition, much time and effort are required to research the detailed Harvard cases.

Important too is the fact that the Harvard case does not require the participant to dig up his own facts. All the necessary information is contained in the case material. Some educators and training men believe that this makes the job too easy. In real life, they point out, all the facts are seldom at hand. And the manager must dig them up on his own. Developing the ability to get the information needed is the most important phase of problem solving, they maintain. One training manager says:

"If a man learns to get the facts that are pertinent to a subject and if he learns to distinguish between facts and opinion, he is well on the way to straight thinking. Good management is mainly a matter of knowing how to get at the facts."

2. The Incident Process

How can the fact-finding exercise be incorporated into case discussion? One way, many companies find, is through the use of a technique called the Incident Process. Developed by Professor Paul Pigors of the Massachusetts Institute of Technology, the Incident Process introduces a fact-finding procedure into the case situation. Participants are required to ask questions before getting any information.

This method differs from the Harvard approach in three ways. First, it is highly directive in nature. The necessary information is not equally shared by the group and its leader. At the outset, only the leader possesses the information. It is up to the group to discover, by pointed questioning, the background of each situation. Special recognition is paid to the person

whose question scores a "break-through." This provides an incentive for alert and incisive questioning.

Second, the Incident Process depends upon clearly defined rules of the game. These ground rules duplicate what happens when a problem arises in business. An incident first brings the problem to a manager's attention. He solves the problem by 1) asking questions, 2) determining the key issues, and 3) deciding on course of action. The steps of the Incident Process also follow this pattern.

Finally, definite answers are provided. Whereas the Harvard approach does not require the participants to come to a conclusion, the Incident Process does. At the end of the questioning period, time is set aside for the writing of opinions, reconciling differences, and deciding on the right course of action. After all views are in, the group is told what the arbitrator in the case actually decided.

Advantages

Many of the companies that have used the Incident Process as a basis for their case discussions like it for a number of reasons.

For instance, it develops a respect for facts. Participants become aware of the many stages of fact-finding involved in any true solution of a management problem. They also learn to appreciate the incompleteness of the facts at hand. And, as a result, they develop a tendency to avoid snap judgments.

It trains the group members in the art and tactics of obtaining information discreetly.

Because it is competitive and circumscribed by rules of the game, the Incident Process is often fast paced and exciting. The rate of questioning has been timed at three questions per minute. As a result, the Incident Process seldom drags or becomes boring.

Since the facts are brought out during the class session, it requires little prior reading on the part of the group, although an intensive burden of preparation does fall upon the group leader.

Disadvantages

But along with the advantages of liveliness and emphasis upon facts, the Incident Process has several disadvantages.

One of these is that it bars the handling of complicated case problems. Since all the facts must be drawn out by verbal questioning, the Incident Process often makes it difficult to delve deeply into case situations. And another deterrent to deeper probing of the subject is the fact that participants are required to carry the information in their heads.

Many important factors in a situation may fail to come to the group's attention because no member asks the question that would introduce the subject. As a result, many important issues are missed entirely.

(Continued on page 147)

Selling Today's Seniors

Precise information and a refusal to compromise standards have helped make the college recruitment program at Alco Products successful

THE 1956 COLLEGE GRADUATE is now being courted by thousands of companies from coast to coast. The supply of young men is limited, especially engineers and technicians. Some recruiters will return to their companies almost empty-handed; others will get the men they need. But, in general, if a company goes after eighty seniors this year, it may have to settle for sixty. And if it goes after eighty engineers, it may have to settle for fifty or even fewer. This information is an average, based on the experience of 240 American companies; it does not, of course, reveal what happens in any particular company.¹ Some companies regularly obtain their quotas. And one of these is Alco Products, Inc.,² a manufacturing firm whose main plant is located in Schenectady, New York.

Alco's recruitment program is not a large one and there is nothing very flashy about it. Yet it gets results year after year. When asked to account for this success, a company representative paused thoughtfully for a full half-minute and then replied:

"It's hard to say. Our quotas are not large and probably it's easier for us to get the boys we need than some of the giant companies. We have no gimmick or pat formula and we probably wouldn't use either if we did. I guess the only answer is that we try to be entirely honest and aboveboard with the boys. We give them the story straight even though it may cause us to lose a good applicant now and then.

"Let me illustrate what I mean. One of the boys we have under consideration may ask us if we've ever had a strike. We have had. We tell them so and we answer their questions fully. If they ask if Alco is the leading employer in the Schenectady area, we say, 'We're one of the leading employers, but General Electric is many times larger.' If they want to know about living arrangements, we have precise information on what housing is available at what prices, what the advantages and limitations of a middle-sized industrial city like Schenectady are, and so on."

This straightforward approach probably explains at least part of Alco's success in getting the college re-

cruits it needs. Another contributing factor undoubtedly should be mentioned. The company has established friendly and close working relations with several nearby colleges. Authorities at these colleges have come to know a good deal about Alco. A number of their graduates have made good in the company and have brought back reports that Alco is a company that offers many opportunities.

Also, it should be pointed out that Alco is competitive in what it offers. It does not attempt to outbid other companies, but it does meet the going rates on salaries and benefits.

The company is best known as a builder of locomotives, but it has been active in many other manufacturing fields for more than a quarter of a century. Its chief purpose in visiting the colleges is to find outstanding young engineers. If a total of fifteen new recruits are desired in a given year, the chances are that about twelve will be engineers. And engineers, as everyone knows, are not easy to get these days. Yet Alco has been getting them since 1943 when it began visiting the colleges.

And this is true despite the fact that there are several special difficulties which add to Alco's recruiting problem. Many people still identify Alco narrowly with the manufacture of locomotives, even though there has been a long period of diversification. Thus, the college senior, unless he is a "bug" on locomotives or unless he is aware that the company is active in other fields which require the services of engineers, may not even sign up to hear the Alco story when the company's recruiter calls at his campus.

Standards Not Compromised

Furthermore, Alco would rather lose a recruit than compromise its standards. When it finds a candidate it wants, the company makes what it considers a fair and reasonable offer, and then stands firm. The young man may hint for a higher starting rate. And higher earnings *may* be in the cards through overtime pay. But the recruiter will not promise this in an effort to persuade the recruit. He must be satisfied with the company's proposition as stated. A company, Alco argues, has only itself to blame if, through repeated accessions to student demands, it one day finds itself in a highly untenable position.

¹ A comprehensive report on college recruitment, based on reports from these 240 companies, is being mailed to Associates of THE CONFERENCE BOARD. Also see back cover for additional information on this study.

² In 1955, the American Locomotive Company changed its name to Alco Products, Inc.

ALCO PRODUCTS, INC.

FILE CODE NO. _____
AUXILIARY CODE _____
(FOR PERSONNEL DEPT. USE ONLY)

ACQUAINTANCE FORM

Position Applied For: _____ Date _____ 19____

Name _____ Age _____
LAST FIRST MIDDLE

Present Address _____ Phone _____
STREET CITY STATE

Permanent Address _____ Phone _____
STREET CITY STATE

Date of Birth _____ Citizen of U.S. _____ Height _____ Weight _____

Physical Defects or Weaknesses _____

Married _____ Single _____ Number of Dependents: Children _____ Wife _____ Others _____

EDUCATION

SCHOOLS ATTENDED	ADDRESS	FROM	TO	COURSE	DEGREE
HIGH SCHOOL					
COLLEGE					
OTHER					

MILITARY RECORD

Branch _____ From _____ To _____ Rate Rank _____

Duties _____

Present Military Status: Reserve Unit _____ Rate Rank _____ Draft Class _____

Clubs, Social & Civic Organizations: _____

Athletics _____ Hobbies _____

REFERENCES

NAME (NOT RELATIVES)	ADDRESS	OCCUPATION

Relatives now employed by ALCO _____ Position _____

How many organizations have you worked for in the last 10 years? _____

Reverse side of this form shows employment history

In the details of its operation, Alco's college program is little different from that of many other companies. But a few things deserve special mention.

About half of Alco's recruits are obtained from three colleges, although a total of fourteen are visited regularly. And especially close contacts are maintained with these three schools on a year-round basis. Alco's chief recruiter is an alumnus of one of these colleges and is well known to faculty members and the placement director. The company has a cooperative work-study arrangement with one of the other schools; and the campus of the third is within rifle shot of the Schenectady plant.

Before the interviews with the students are held, Alco attempts to get as much information about their backgrounds and qualifications as possible. This is accomplished through the mails and by personal interviews. Ideally, the Acquaintance Form (on opposite page) is filled out by the senior and returned to the company a week or so before the interview is to take place. But in actual practice the recruiter may not see it until the time of the interview. Basic information about the individual is shown on the form. Some of the student's answers may suggest areas that the recruiter will wish to explore further during the interview.

Helpful Insights Obtained

While on the campus, the recruiter makes a point of discussing the candidates on his list with the placement officer and with faculty members. He may do this over a luncheon table, between classes, or whenever the occasion permits. Invaluable insights are often gained through these conversations.

For example, one of the engineering professors may offer judgments such as these about four of the seniors he has come to know: "I should imagine George would fit in well at Alco. Diesel engines fascinate him. While he's not one of our very top students, he has an excellent practical grasp of the field. . . . Now I wouldn't spend too much time with Jim. He's practically signed with Westinghouse. . . . Paul learns fast and is one of our most dependable boys. He knows what's involved in a job because he's worked all four years, and met almost 100% of his college expenses. . . . Henry has asked to see you, but I think he wants to get some interviewing experience as much as anything else. He should take a fifth year with us anyway."

A rather extensive testing program, given at the company's offices, is the next step for the young men who have been selected for further screening. Tests used include the following: the Otis, Ohio State and Thurstone intelligence tests, two of the Kuder interest scales, the Minnesota Form Board, and "How Supervise?" by File and Remmers. Alco reports that it has found the last two to be most predictive of success in its engineering training course.

Training Is Flexible

The training given the college recruit lasts from three months to one year. But the number of recruits being trained at any one time is never very large, so the progress of each individual can be watched closely. It usually is possible during the first three days to identify the area of major interest, and this becomes the recruit's tentative assignment. If it does not prove to be the right one, a change is made. Experience indicates, however, that it is rarely necessary to make a reassignment after the third month. Most of the recruits receive a full year of training although some finish sooner.

The content of the training, like its duration, is flexible. Department heads do not hesitate to offer comments and criticisms, which is both indicative of their interest in the program and helpful in making needed changes. Recently they told Alco's management that the new batch of trainees was coming along fine except for two things. They said the recruits couldn't write good reports and that they couldn't get up and talk clearly and convincingly. Now special attention is given to both oral and written expression, and progress is being noted.

Alco is not content to rest on its oars. It recognizes that the problems and difficulties that a company faces today in getting its share of able college graduates may be even more intense tomorrow. But whatever the future holds, Alco intends to be ready for it.

STEPHEN HABBE

Division of Personnel Administration

Management Bookshelf

Better Foremanship—Key to Profitable Management—A book of practical and tested methods of making the foreman a more vital factor contributing to the success of the business operation. Individual chapters consider the foreman as practical psychologist, administrator, job analyst, instructor, safety engineer and as an executive. This revised edition of a 1951 publication has a new chapter on the foreman as an interviewer; also a detailed program for making foremen part of management has been added. *By Rexford Hersey, Chilton Company, Inc., Philadelphia, Pennsylvania, 1955, 342 pp. \$6.*

How To Win the Conference—Conferences are important. Everyone engages in conferences daily—a chance meeting while waiting for the elevator, a telephone call, or a committee meeting. Whatever else it may appear to be, the authors find that the conference is actually a contest in which somebody always wins and somebody loses. They discuss the techniques for winning. *By William D. Ellis and Frank Siedel, Prentice-Hall, Inc. Englewood Cliffs, New Jersey, 1955, 214 pp. \$3.95*

Labor Leaders View SUB

SUB plans, as such, do not seem to arouse much enthusiasm on the part of labor leaders, but income security remains a major concern

SUPPLEMENTARY unemployment benefit plans of the type negotiated in the automobile, can, and flat glass industries have not captivated the minds of most labor leaders. This is evident from a survey of labor opinion conducted by THE CONFERENCE BOARD. Management's earlier fears, as well as many unions' claims, that such plans would sweep across the bargaining front have not materialized. Nor is there much evidence that they will materialize in the near future.

Professor Sumner Slichter, shortly after the signing of several major SUB agreements, estimated that 10 million workers might be covered by such plans eventually. Then, in a later re-evaluation, he halved his early figure. But even this may be an overgenerous estimate, on the basis of the replies of fifty-one union leaders who represent unions claiming 6.5 to 7 million members. Their responses were in answer to a letter sent to 190 union presidents in which THE CONFERENCE BOARD asked two questions:

1. Would you be in favor of SUB plans (such as those in the auto, can, and flat glass industries) in the companies that your union bargains with?
2. Two types of SUB plans were negotiated last year—which do you believe is preferable:

The Ford Type—Company contributions go into a general fund whose use is restricted to SUB payments. Benefits are paid to laid-off employees to the extent that funds are available in the general fund.

The Glass Type—Company contributions go into separate accounts set for each employee. A laid-off employee draws benefits to the extent that funds are available in his *own* account. Upon termination or retirement, he receives what is left in his account.

Responses from the union leaders range from a short "Yes, I'm in favor of SUB. I prefer the Ford plan," to "Our organization at this time does not favor either of the two plans referred to. We are interested mostly in wages and jobs—not unemployment benefits."

A few labor leaders indicate that SUB is of immediate interest in their union's bargaining plans. The Steelworkers¹ is one of these. But the consensus of

the majority of respondents—to the extent that it can be summarized—is that "what's good for the UAW isn't necessarily good for us."

This is not to infer that income security is not a major preoccupation in bargaining plans. It is. But many labor leaders see other approaches—severance pay, shorter hours, and especially liberalized unemployment compensation—as preferable, considering the situations in the industries with which they bargain.

However, when pinned down to a choice between an insurance-type SUB plan, such as Ford's, or a plan based on individual accounts, such as the glass plan, the cooperating union leaders' preference is for insurance. They believe it more adequately meets the needs of those laid off.

DO THEY WANT SUB?

First, the question "Would you be in favor of SUB plans in the companies that your union bargains with?"

A few of the participating union leaders reject the concept entirely. For instance, the president of a craft union explains that his members in the automobile and farm equipment industry turned thumbs down on SUB in favor of "eating money." And the president of an independent white collar union whose bargaining covers various industries remarks:

"In certain depressed industries or areas there is little incentive for SUB plans of any type until such time as the wage level will adequately support the modern needs of today's workers."

But more often, those labor leaders who expressed little interest in SUB explained that such plans could not be negotiated in their industry, or were of little use. About one-quarter of the replies fall in this category. For example, several unions whose members are government employees explain that changes in working conditions, wages, etc., result from Congressional action rather than bargaining. And responses from unions in the railroad industry also point out that their members are covered by the Federal Railroad Unemployment Insurance Act. One of them says:

"This largely excludes us from the necessity of negotiating directly with the employer on many of these subjects such as unemployment. . . . When we want to improve

¹ Names and opinions of union spokesmen are used only when permission has been granted.

that plan, it will be done by federal legislation rather than by direct negotiation with the employer."

Several of the railroad unions in their letters indicate that a joint study of the unemployment situation is now in progress.

Other unions that express little or no interest in SUB mention such reasons as seniority, job stability or prosperity. One rail union president states:

"The class of railroad employees represented by our association are in a situation where any supplementary unemployment benefits could hardly be made to fit their conditions. This is true because they are promoted from a lower or different class of employees and invariably retain seniority in the class from which promoted. They are also governed by seniority in their own class. In the event of reduction of force or abolishment of positions, which ordinarily would throw them out of employment, these men exercise seniority first in their own class, and failing to retain employment in that class, they revert to the class (which is covered by a different union jurisdiction) from which promoted; unemployment would take effect only at the bottom of a long list.

"Therefore any system of benefits devised for relief of unemployment would apply so far removed and so indirectly from our particular group that they would not be interested."

The head of a small union in a service industry writes that: "SUB plans have very little meaning in our industry because of the relatively steady year-round employment." This particular union, however, has negotiated weekly wage guarantees.

Howard Coughlin, president of the 50,000-member Office Employees International Union, says that he favors SUB plans, but doubts their practicality for his union:

"In the companies where our union bargains, we do not have the layoff and rehiring problems which exist in the auto, can, flat glass and other industries. If we were bargaining collectively in those industries, we would prefer the SUB plans."

Also in the white collar field, William Gillen, president of the 10,000-member Insurance Workers of America, says SUB is of little interest to his union. The membership is largely restricted to industrial insurance agents and, in this limited field, Mr. Gillen says there are no such things as slack periods or layoffs; claims for unemployment benefits are almost unheard of among agents.

Prosperity and expanding business have given SUB a limited appeal for some unions. A president of a fairly large union in a key industry points out:

"Frankly, I haven't had very much time to make a study of supplementary unemployment benefits. Business has been so good in the industry for the past ten or twelve years that we have been able to negotiate wage increases year after year and I have every reason to think we shall be able to negotiate another round this year."

A union president in air transport says that "The expansion of employment within the airline industry has been so rapid that we have not been subjected to seasonal unemployment."

INTERESTED IN INCOME-SECURITY MEASURES

As already indicated, a large proportion of the union leaders who responded show an interest in income-security measures, either for their own industry or for labor unions in general. But in only a few cases does this interest center in SUB plans as such. One of the unions in this group is the Steelworkers, whose answer to the first question on whether they would be interested in SUB is: "Yes. This has been the United Steelworkers of America's goal since 1936."

And Harry D. Sayre, president of the United Paperworkers of America, with 50,000 declared members, states his union's position this way:

"While the paper industry has been reasonably stable during the last twenty years, we remember the two or three recessions, during which this benefit would have been of real value to thousands of paperworkers. . . . Almost from the origin of this union we have endorsed this principle and need as basic policy; and it has been adopted by convention action in at least the last two constitutional conventions as a policy of this organization to seek this benefit. Basically we feel this is a real need in view of the inadequate provisions of unemployment compensation."

A large union in a basic metal industry says that its 1956 bargaining program will most likely include some position on SUB plans. Such a demand was presented in last year's negotiations and took this form:

"Lost-time pay of \$60 per week to be paid during any period of unemployment due to illness, accident on or off the job, layoff, or any other involuntary unemployment. Where loss of pay is partially compensated by unemployment insurance or workmen's compensation, the employer shall make up the balance to the \$60 level."

This union points out that its proposal includes what is in essence "a form of supplementary unemployment insurance as well as disability insurance and supplementary workmen's compensation in cases of on-the-job injury."

Alternatives to SUB

More frequently, however, SUB as such does not get top priority as a means of meeting the needs of unemployed workers. Many union leaders look to state unemployment compensation as a better answer. The president of one union, for example, says:

"Personally, I am not very enthusiastic about any of the so-called supplementary unemployment benefit programs. All workers, regardless of industry or labor contract, should be the beneficiaries of adequate unemployment benefits. These benefits should come to them as the result of legislation enacted by the various state legislatures, in order that all workers within the states will be the beneficiaries of unemployment compensation."

Another president of a fairly large union turns thumbs down on both plans, because "there are too many workers in this country who are still forced to work for the smaller type of operator and are not in the same position to meet the unemployed situation as the larger operators are." This union president calls for federal unemployment insurance, which would pay equal amounts to laid-off workers regardless of where they might reside.

For several unions in industries not subject to great seasonal fluctuations, severance pay is a more logical answer to the income security problems of their members than is SUB. Joseph Beirne, president of the Communications Workers, which has a declared membership of 330,000, points this out:

"The communications industry in general and the telephone industry particularly, both in the operating and manufacturing portions, are not characterized by seasonal or other regularly recurring layoffs. For this basic reason, supplementary unemployment benefits are not as vital to us as in other industries. However, because of the intensive and extensive mechanization constantly taking place and the resulting layoffs, we have carefully negotiated over the years a well-defined system of termination payments which are in themselves a type of supplementary unemployment benefit. It has been one of our consistent negotiating goals to improve these termination payments. Moreover, we have actively countered company attempts to have such termination payments disqualify a laid-off employee from unemployment insurance. We are not contemplating at this time redirecting our negotiating efforts."

The president of a white collar union in the engineering field also says his union is more interested in extending its severance pay plan than SUB. And the president of a major union in a basic industry points out that there are only minor seasonal fluctuations in the industries with which his union bargains.

"The labor force adjustments usually result in a permanent layoff rather than temporary unemployment. Consequently, we feel rather than the large amount of funding required for SUB that we actually meet the severe hardships of total loss of jobs through adequate severance and termination allotments."

The guaranteed annual wage is still the plan sought by the Amalgamated Meat Cutters and Butcher Workmen's union, according to Patrick E. Gorman, secretary-treasurer. But, in lieu of a Hormel type of annual wage plan, Mr. Gorman explains that a SUB plan would be sought in meat packing.

Several very large unions look to a variety of income-security programs. One of the largest—and it cuts across many industries—has negotiated several SUB plans during the past year. However, the union's president says:

"Our organization strongly favors all private and public measures taken to aid the unemployed worker and supports all steps which will help stabilize employment. SUB

plans, of course, belong in this category. Because our collective bargaining covers a wide diversity of industries, we cannot assume that any type of SUB plan will cover the great variety of situations that we must face."

The Ladies' Garment Workers' Union is another that is studying various approaches to income stability. Its official position is evidenced in a convention resolution calling for the close study of guaranteed annual wage plans already in operation as well as plans that may be set up in the basic industries. The ILG resolution also points out that during the 1920's it experimented with several types of guaranteed wage plans. Since then, ILG has sought a variety of measures—public and private—to achieve job stability. Recently a few isolated guaranteed wage plans have been negotiated by this union. But ILG has placed more stress in bargaining on severance pay programs and a shorter workweek.

The shorter workweek is also mentioned as a preferable alternative by Leo F. Bollens, president of the National Federation of Salaried Unions. He says that automation will force a shorter workweek.

The Teamsters' union, too, emphasizes varied approaches to gaining income security, with special stress on a weekly wage guarantee. Teamster President Dave Beck emphasizes that liberalized unemployment compensation is, in general, the preferable way of dealing with loss of income during unemployment. On the specific approach best suited to the Teamsters, Mr. Beck states:

"The problem of workers employed in industries within the jurisdiction of the Teamsters' union differs to some extent from those in mass production industries. Most of our members are in service industries. The delivery of milk, bread, laundry, newspapers, etc., is a fifty-two-week business, and most of our members in these industries work a full year. There are no model changes in the service industry as there are, for example, in the auto industry. The problem therefore has not been as acute as in other industries.

"Many segments of the Teamsters' union already have the guaranteed annual wage in effect. Teamster warehouse members in St. Louis, for example, are guaranteed employment for at least 2,000 straight-time hours each year.

"In view of the nature of the industries in which most Teamster members work, our answer to the problem of steady employment and steady income has been the guaranteed workweek, under which 90% or more of regular employees are guaranteed the equivalent of a full week's work or pay."

WHICH TYPE OF SUB PLAN?

However, while many unions indicate that SUB is not the only or even the best answer for the laid-off employee, given the choice between an insurance-type plan (such as Ford or can) or a plan based on individual accounts (such as glass), the following reactions are found:

1. Some reject both.
2. A few prefer glass.
3. More prefer the insurance type.
4. Some say it depends upon the industry situation.

The "savings" feature of a glass-type plan—and the fact that the money can be used for several purposes—appeals to a few unions. As stated by Leonard M. Sagot, the secretary-treasurer of the International Mailers' Union: "The benefit of the [glass] type of plan would seem vastly superior to the Ford type of plan since an employee would actually be saving money for SUB and/or savings funds in the event that same is not used for SUB."

The president of an independent union whose membership is largely in a relatively stable industry says:

"I would be in favor of SUB plans in most of the companies with which our union bargains. There are, however, a number of companies under contract where layoffs are practically unknown and in these instances SUB as such would tend to be meaningless. As to the type of plan, in general, I would be more favorably inclined to the glass type of SUB payments. This, however, may not be the most desirable in plants where there are constant and extreme fluctuations in the employment level. In such cases the Ford type would be somewhat more practical.

"A further factor that must be considered is whether any payment into a SUB fund would be at the expense of a general wage increase."

Favor Insurance-Type SUB

In the larger group of unions that express a preference for the insurance type of SUB plan, some say they are following a previous pattern. The Steelworkers' union, for example, states: "The Steelworkers' preference was established August 13, 1955, when supplemental unemployment benefit plan agreements with American Can and Continental Can were signed by our union."

And the American Federation of Technical Engineers' President Russell M. Stephens writes:

"Our international would definitely be in favor of SUB plans being negotiated with some of the companies our members work for. At the present time we are in favor of the Ford type and have just completed negotiations with the International Harvester Company. It is reasonable to assume that we may sign similar contracts in the near future."

Several of the responding union presidents feel that the insurance-type SUB plan better exemplifies unionism. For example, one president says: "The Ford type of SUB payments embodies the union principle of 'all for one and one for all' much better than does the glass type of SUB payments. The glass type brings to mind the rugged individualism that we sometimes hear preached."

Ossip Walinsky, president of the 32,000-member International Leather Goods, Plastic and Novelty

Workers Union, also speaks of the "union approach":

"A union plan must be a collective plan and each collective union plan has proven to benefit all individual workers because of the benefits accruing as a result of a collective financial pool. . . . It has been proven time and time again that arrangements to cover individual employees are always set up by companies to divide the workers, whereas a collective plan unites the workers."

More often, however, the key reason given for preferring the insurance-type SUB plan is that the pooling of funds better meets the objective of providing security for the laid-off worker. This is stressed by Hyman J. Powell, the secretary-treasurer of the 17,000-member International Jewelry Workers' Union. He says:

"The Ford type of SUB plan would definitely be the preferable one. The glass type is not really a SUB plan at all. Rather it is a deferred wage increase for each individual worker. It is true that if an individual employee is laid off, he draws unemployment benefits from the funds in his account. But if he works steadily, the moneys nevertheless accumulate for him, to be drawn out when he leaves his job. That, however, is not the purpose of SUB plans. What has primarily motivated unions in seeking such plans is to provide for unemployed workers, and it is to that end that the plan should be directed. That is best accomplished by pooling the employer contributions for all employees into one fund, as in the Ford plan, and using the assets in the joint fund to care for unemployed workers until they go back to work."

The International Union of Electrical Workers, through its research director, David Lasser, also emphasizes the belief that SUB "is a type of insurance in which the risk should be pooled." Mr. Lasser says:

"We believe that the glass type has no more validity in SUB than it would have with regard to insurance or pensions. Apparently the glass type was developed to take care of the problems of older, long-service employees who have felt that they did not get the same benefit from the program as the younger, shorter-service employees.

"But the same argument could be made with regard to younger, shorter-service employees on the matters of vacation, insurance and pensions. In other words, on those problems, the amount that the company is willing to put in is distributed in such a way that it favors the older, longer-service employees."

Howard Coughlin, president of the Office Employees International Union, stresses a similar point in commenting that provisions for retirement or termination should be divorced from SUB:

"The only practical answer to unemployment insurance of any kind is the general fund idea. More money will be available for laid-off workers if such a fund is set up, where the reverse is true if contributions are set up in separate accounts for each employee. In the latter instance, company contributions would be lost [as far as SUB payments are concerned] in accounts of employees

(Continued on page 156)

Motivation and Increased Productivity¹

by Rensis Likert

Director, University of Michigan Institute for Social Research

HUMAN RELATIONS RESEARCH has great potential value for modern management. Many of its findings can serve as the basis for sound principles of management and good leadership. It is my purpose at this time to talk to you about some of the major conclusions that are emerging from this research.

As a background for stating these conclusions, it will be useful to consider the problem historically by examining two important trends.

The first of these two trends began almost a century ago, and has had by far the greater influence upon both management practices and industrial productivity. I refer to the whole movement in which Frederick W. Taylor and his colleagues provided pioneering leadership. For purposes of brevity, I shall use the term "scientific management" to refer to this whole movement.

Generally speaking, scientific management has brought about a very great improvement in productivity. But associated with these gains have been some serious problems and adverse effects.

Setting production goals through the use of time standards has often been accompanied by an expectation of higher levels of productivity. And, therefore, there has been increased pressure on the workers to produce more. Workers resented and resisted this; and the "speed-up" was and still is a major source of conflict and bitterness. Another aspect of this method of managing which caused resentment was the attitude that workers could contribute nothing of value to the organization of their jobs and to the methods of work to be used. As Henry Ford expressed it, "all that we ask of the men is that they do the work which is set before them."

These and similar adverse effects of scientific management were recognized more and more clearly during the second, third, and fourth decades of this century. The speed-up and "efficiency engineering" were sources of much hostility between workers and their supervisors. And these hostilities manifested themselves in a variety of ways, such as widespread restriction of output (even under incentive pay) and

a demand for protection through unions, which eventually led to the Wagner Act.

The second trend which I wish to examine started at the end of the First World War when a few business leaders and social scientists began to appreciate some of the problems that were the consequence of scientific management. More general recognition of these problems, however, was brought about dramatically by the famous Western Electric studies. These studies showed conclusively and quantitatively that workers were responding to the methods of scientific management by restricting their production to levels which they felt were appropriate. Moreover, neither group nor individual incentive methods of payment prevented this restriction.

These studies also revealed that the workers had developed an "informal organization" which differed from the "formal." And it was found that this informal organization exercised an important influence on the behavior of the workers, often effectively countermanding the official orders of the formal organization. The Western Electric studies also showed that when the hostilities, resentments, suspicions and fears of the workers were replaced by favorable attitudes, a substantial increase in production occurred, just as it was clear that unfavorable attitudes exerted an appreciable restraining influence upon productivity.

Mathewson, Houser, and others, in a modest number of studies during the Thirties, showed that conditions existing in the Western Electric Company were relatively widespread in American industry. Morale and motivational factors were generally found to influence production. Restriction of output was common, and "informal organizations" were found to exist in most of the companies studied.

During the past decade this second trend, which might be called the human relations trend, has gained greater impetus. The volume of research is still small but it is growing. The findings are consistent with the earlier studies and have important implications for the future trend of management theories and practices.

Some of the results of this more recent research can be shown by briefly presenting a few findings from

¹ Summary of a talk given at the 362nd Meeting of the National Industrial Conference Board.

studies conducted by the Institute for Social Research.

Orientation of Supervision: When foremen are asked what they have found to be the best pattern of supervision to get results, a substantial proportion—usually a majority—will place primary emphasis on getting out production. By this, they mean placing primary emphasis on seeing that workers are using the proper methods, are sticking to their work, and are getting a satisfactory volume of work done.

But other supervisors, whom we have called employee-centered, report that they get the best results when they place primary emphasis on the human problems of their workers. The employee-centered supervisor endeavors to build a team, whose members cooperate and work well together. He tries to have people work together who are congenial. And he not only trains people to do their present jobs well, but tends to train them for the next higher jobs. In other words, he is interested in helping them with their problems, both on and off the job. He is friendly and supportive, rather than punitive and threatening.

Higher levels of management, however, tend to place greater emphasis than do foremen on the production-centered approach as the best way to get results.

But which orientation actually yields the best results? A variety of studies in widely different industries show that supervisors who are getting the best production, the best motivation, and the highest level of worker satisfaction are employee-centered rather than production-centered.

However, there is an important point to be added to this finding. Those employee-centered supervisors who get the best results tend to recognize that high production is also one of their major responsibilities.

Closeness of Supervision: Related to orientation of supervision is closeness of supervision. Close supervision tends to be associated with lower productivity, while more general supervision seems to be related to higher productivity.

Low productivity, no doubt, at times leads to closer supervision, but it is also clear that close supervision causes low productivity. In one of the companies involved in this research program it has been found that when managers of high- and low-production divisions are switched, the high-production manager raises the productivity of the low-production division faster than the former high-production division slips under the low-production manager. Supervisors, as they are shifted from job to job, tend to maintain their habitual attitudes toward the supervisory process and their subordinates.

Both general supervision and close supervision are also related to how workers feel about their supervisors. Workers under foremen who supervise closely, or are production-centered, have a less favorable attitude toward the boss than do workers who are under

foremen who supervise more generally or are employee-centered.

As we have seen, the research findings indicate that close supervision results in lower productivity, less favorable attitudes, and less satisfaction on the part of the workers, while more general supervision achieves higher productivity, more favorable attitudes, and greater employee satisfaction. These results suggest that it should be possible to increase productivity in a particular situation by shifting the pattern of supervision so as to make it more general. To test this, we conducted an experiment involving 500 clerical employees in a large company. The work these employees did was something like a billing operation; there was just so much of it, but it had to be processed as it came along.

Briefly, the experimental procedure was as follows. Four parallel divisions were used, each of which was organized in the same way, used the same technology and did exactly the same kind of work, with employees of comparable aptitude. For the purpose of our experiment, certain changes were initiated. In two of the divisions, decision-making was introduced at lower levels; general supervision of the clerks and their supervisors replaced close supervision; workers were given more information about matters that affected them; and their ideas and suggestions were sought before decisions were made. In addition, the managers, assistant managers, supervisors, and assistant supervisors of these two divisions were trained in group methods of leadership. The experimental changes in these two divisions will be called Program I.

We faced many problems in attaining the desired changes. Pushing downward the level at which decisions were made proved difficult. Managers and supervisors seemed to feel that such action was an admission that they were not essential. Therefore, they made virtually no changes. However, when the general manager asked the managers under him if they would help him with some of his work, they responded favorably. He then asked them if there was work that they could turn over to their subordinates in order to free them to assist in his work. The managers then readily found work which their subordinates could handle. A similar process was used all down the line to get supervisors to turn over work to subordinates, and thereby push decision levels down.

In order to provide an effective experimental control for Program I, in the other two divisions the closeness of supervision was increased and decision-making was pushed upward. This will be called Program II. These changes were accomplished by a further extension of scientific management. One of the first steps was to have the jobs timed by the methods department, and standard times computed. This showed that these

divisions were overstaffed by about 30%. The general manager then ordered the managers of these two divisions to cut staff by 25%. This was to be done by transfers and by not replacing persons who left. No one was to be dismissed.

The four divisions participating in the experiment were assigned on the basis of one high- and one low-productivity division to Program I, and one high and one low to Program II.

The experiment at the clerical level lasted for one year. Several months were devoted to planning before the experimental year, and there was also a training period of approximately six months just before the experiment began. Throughout the period of the experiment, productivity was measured continuously and computed weekly. Employee and supervisory attitudes and related variables were measured just before and after the experimental year.

Productivity Reflected in Salary Costs: In Program II, where there was an increase in the closeness of supervision, productivity increased by about 25%. In this group, it will be recalled, the general manager had ordered a 25% cut in staff.

But a significant increase in productivity was also achieved in Program I, where supervision was modified so as to be less close and no reduction in work force was ordered. Although the increase in productivity in Program I was not so great as in Program II, it was nevertheless a little more than 20%. And one of the divisions in Program I increased its productivity by about the same amount as each of the two divisions in Program II. The other division in Program I, which historically had been the poorest of all the divisions, did not do so well.

Productivity and Workers' Responsibility: Although both programs were alike in increasing productivity, they were significantly different in the other changes which occurred. The productivity increases in Program II, where decision levels were moved up, were accompanied by adverse shifts in attitudes, interest, involvement in the work, turnover, and related matters. The opposite was true in Program I. Here it was found that when more general supervision was provided, the employees' feeling of responsibility to see that the work got done increased. In Program II, however, this work responsibility decreased. In Program I, when the supervisor was away, the employees kept on working. When the supervisor was absent in Program II, the work tended to stop.

Effect of Employee Attitudes: The experiment changed the workers' attitudes toward their supervisors. In Program I all the shifts were favorable; in Program II all the shifts were unfavorable.

This very brief description of the experiment, I hope, has made clear the pattern of results. Both ex-

perimental changes increased productivity substantially. In Program I this increase in productivity was accompanied by favorable shifts in attitudes, interests, and perceptions. The girls became more interested and involved in their work. They accepted more responsibility for getting the work done. Their attitudes toward the company and their superiors became more favorable. And they accepted direction more willingly. In Program II, however, all these attitudes and related variables shifted in an unfavorable direction. All the hostilities, resentments, and unfavorable reactions which have been observed again and again to accompany extensive use of scientific management manifested themselves.

This experiment with clerical workers is important because it shows that increases in productivity can be obtained with either favorable or unfavorable shifts in attitudes, perceptions, and similar variables. Further application of classical methods of scientific management did substantially increase productivity, but it was accompanied by adverse reactions upon the part of the workers involved. With the other approach used in the experiment, a substantial increase in productivity was also obtained, but here it was accompanied by favorable shifts in attitudes and similar variables. A fundamental conclusion from this experiment and other similar research is that direct pressure from one's superior for greater production tends to be resented, while group pressure from one's colleagues is not.

Thus, though scientific management has clearly demonstrated its capacity to get high production, this productivity is obtained at a cost which tends to have serious consequences in the long run.

People will produce at relatively high levels when the techniques of production are efficient, the pressure for production is great, the controls and inspections are relatively tight, and the economic rewards and penalties are sufficiently large. But such production is accompanied by attitudes which tend to result in high scrap loss, lowered safety, higher absences and turnover, increased grievances and work stoppages, and the like. It also is accompanied by communication blocks and restrictions. All these developments tend to adversely affect the operation of any organization.

The critical weaknesses in the scientific management approach, of course, are the resentments, hostilities, and adverse motivational and attitudinal reactions which it tends to evoke. In my judgment, these hostilities and unfavorable attitudes stem from powerful motives which scientific management has ignored in its theoretical basis as well as in the day-to-day operating procedures it has developed. But although scientific management has ignored these powerful motives, it has not been able to avoid the substantial impact of their influence in daily operations.

The fundamental cause, therefore, of the adverse reactions produced by scientific management is the assumption that all persons are simple economic men; that it is only necessary to buy a man's time and he will then willingly and effectively do everything which he is ordered to do. Management textbooks emphasize authority and control as the foundation of administration. They either take for granted the power to control or they hold that the relationship of employer and employee in an enterprise is a contractual obligation entailing the right to command and the duty to obey. The critical weakness of scientific management occurs at precisely the point where the human relations research approach has its greatest strength: motivation.

The power of human relations research findings lies in the understanding and insight which they provide into:

1. The character and magnitude of the powerful forces which control human behavior in working situations;
2. And the manner in which these forces can be used so that they reinforce rather than conflict with one another.

The fundamental problem, therefore, is to develop a management theory, as well as the supervisory and managerial practices needed for operating under this theory, which will make use of the concepts of scientific management while fully utilizing in a positive manner the major forces which influence human behavior in work situations. And, I believe, we are developing just such a theory which effectively combines the resources of scientific management and the findings of human relations research. There is not time here to examine it fully, but one or two aspects can be considered.

A basic condition of the theory is that all attempts to influence the behavior of subordinates in an organization should be of such a nature that there is a maximum probability that the subordinates will react favorably. When all of the influence attempts are reacted to favorably by a subordinate, the motivational forces acting upon him will be reinforcing, cumulative and maximized, rather than being minimized by being in conflict.

Two conditions appear to be necessary for a subordinate to react favorably to his superior's attempts to influence his behavior. First the influence attempts should be ones which he has reacted favorably to in the past—that is, they need to be familiar. Second, the influence attempts, as seen by the subordinate, should be supportive rather than threatening. And he will see them this way when they contribute to his sense of importance and personal worth; he will see

them as threatening when they decrease his sense of personal worth.

From these conditions it is possible to derive a modified theory of management and the day-to-day operating procedures required to implement it.

Thus, for example, it is possible to state the following principle based on this theory: Any attempt to produce a change in an organization will work best when the people whose behavior needs changing want themselves to change. An attempted change, therefore, will work better when management creates a situation in which people can see the possibility and desirability of change and even initiate the change, rather than merely being ordered to change.

Research findings show that supervisors improve in their handling of human relations much more when provided with objective measurements about their operation and then stimulated to discuss these measurements with their subordinates as a group, than when they are merely given a supervisory training program. A supervisory training program is, after all, just another way of ordering a foreman to change his behavior.

Another operating principle based on this modified theory is also related to the best way to bring about changes and improvements. This principle indicates that an organization will perform more effectively when it functions as a network of integrated and coordinated teams, each of which has a high team spirit, high performance goals related to its part of the total job, favorable attitudes toward its supervision and management, and confidence and trust in them. These teams are knit into an integrated and coordinated organization by supervisors, managers and staff, who hold overlapping memberships in two or more teams or groups.

It is possible to demonstrate theoretically and in actual operation that an organization made up of integrated teams with high team spirit and high performance goals functions better than an organization operating under present managerial systems. The reason for this better performance is that such an organization will have appreciably superior motivation, greater acceptance of influence attempts, more confidence and trust on the part of all its members in one another, better two-way communication, and better decisions at all levels, based on the more accurate and adequate facts provided by the better communication.

The available research findings indicate that high group loyalty has an important influence upon performance at all levels in an organization. The data show that high group loyalty, coupled with high production goals in the work group, result in high productivity, accompanied by high job satisfaction and a feeling of working under little pressure.

What Companies Pay for Medical Services

Although programs vary from company to company, this survey on costs indicates that medical plans, in general, have expanded over the past ten years

MANY SEGMENTS of American business are spending tremendous sums of money to keep their employees healthy and fit.

The magnitude of their investment is indicated in a Conference Board survey showing that 131 companies collectively are paying \$15,686,852.85 annually to provide medical and health services for their 885,830 employees. This is a total average annual expenditure of \$119,746.97 for a mythical company of 6,762 employees, or an average expenditure of \$17.71 per employee. The median annual expenditure for 131 companies is \$40,000. And these expenditures are for medical and health services only. They do not include the cost of any company-supported health and accident insurance programs.

The survey also reveals that many of the 131 individual companies have increased their annual total dollar output for these programs in recent years. This increase in total expenditure is due, in some cases, to an increased number of employees on the payroll. In other instances, the increase reflects a higher per-employee expenditure, which in turn is often due to improved company medical services.

The 131 companies providing this cost information represent approximately 54% of 242 companies that were surveyed concerning all aspects of their on-the-job medical services for occupational accidents and illnesses, as well as preventive medical care.¹

THE COST PER EMPLOYEE

One hundred and thirty-five companies provided per-employee cost data for their programs—four more than the 131 firms that furnished total annual expenditures. And since the additional four companies described the cost situation for only one unit of their operations—a home office, for example—and neglected to include the size of the unit, it is impossible to calculate their total expenditures.

The per-employee cost range in the 135 companies is shown in Table 1 by size of company, and in Table 2 by type of industry. As can be seen, by far the largest group of companies (about 53%) pays from

\$10 to \$20 per person, with these companies ranging in size from less than 500 to more than 100,000 employees. And all types of industry are included in these seventy-one companies that pay \$10 to \$20 per employee. It is interesting to note, too, that the \$17.71 per-employee average cost figure mentioned earlier falls within this \$10 to \$20 cost range.

The three companies that pay \$60 per employee for their medical services have very intensive programs. All offer periodic examinations to their employees. One is an insurance company, one a foundry, and one a utility. Even the smallest of the three (291 employees) has full-time nursing service and a part-time doctor.

COST FACTORS

Only 125 of the 135 companies explained what factors they include when computing costs.

The cost factors cited and the number of companies that include each factor in figuring the cost of their medical programs are as follows:¹

<i>Cost Factors</i>	<i>Number of Companies (125 reporting)</i>
Professional personnel salaries	124
Salaries of nonprofessional staff in medical department	83
Medical supplies and equipment	120
Special examinations for executives	72
Depreciation	44
Rent	45
Heat	50
Light	50
Workmen's compensation (insurance, legal fees, etc.)	3
Other factors	39

The "other factors" mentioned in the tabulation include such items as dues for professional organizations, travel to conventions, the cost of a company ambulance or other cars provided for medical personnel and/or patients, taxes, maintenance costs, X-ray service, industrial hygiene programs, pensions of med-

¹ The survey of 242 companies was made for a future report on company medical services for industry, which will appear in the *Studies in Personnel Policy* series.

² Some companies participating in other areas of the survey listed cost factors but no cost figures. Their listings are not included in these data.

ical personnel, plant safety measures, uniforms, laundry and medical books and magazines.

One reason why costs vary among companies is apparent when their practices in charging the above items are compared. One of the 125 firms providing itemized cost information does not even charge the salaries of its professional personnel to its medical budget—a cost itemized by every other survey participant. About a third of the 125 firms do not list salaries of nonprofessional personnel in the medical department as a cost factor. In some of these cases, of course, the reason is that smaller companies may have only professional persons in the medical department, with a nurse performing whatever clerical duties are required.

A significant cost item not included in five companies' medical programs is the price of medical supplies and equipment.

Almost 58% of the companies include the cost of their special health programs for executives. Others do not include them, and some do not have special

programs for executives. In cases where executives are sent to outside sources for their physical examinations, this item may noticeably increase the medical department's expense.

Salaries of Medical Personnel

Since the salaries of professional personnel are the most commonly shared cost factor among companies, THE CONFERENCE BOARD attempted to learn what salaries cooperating companies pay such personnel.

Full-time doctors—Eighty-one of the companies reported the salaries of their full-time doctors. As Table 3 shows, these eighty-one companies have 123 full-time doctors whose salaries range from less than \$6,000 to more than \$30,000 annually. Sixty-four of these 123 doctors earn from \$10,000 to \$15,000. In most cases, the highest salaries are paid to companies' medical directors. Salaries of directors alone (a few are part-time directors) are shown in Table 4, which appears on the next page.

Table 1: Annual Per-Employee Cost of Medical Programs in 135 Companies, by Size of Company

Annual Per Employee Cost	No. of Companies	Number of Employees								Size Not Given
		1-499	500-999	1,000- 4,999	5,000- 9,999	10,000- 24,999	25,000- 49,999	50,000- 99,999	100,000+	
<i>Total Companies</i>	135	10	16	66	20	9	6	2	3	3
\$1-9.99	30	1	4	14	4	2	2	1	—	2
10-19.99	71	1	7	40	12	5	2	1	3	—
20-29.99	14	3	2	6	1	1	—	—	—	1
30-39.99	9	3	1	3	1	—	1	—	—	—
40-49.99	5	1	1	1	1	—	1	—	—	—
50-59.99	3	—	1	2	—	—	—	—	—	—
60	3	1	—	1	—	1	—	—	—	—

Table 2: Annual Per-Employee Cost of Medical Programs in 135 Companies, by Industry

Industry	No. of Companies	Annual Per-Employee Cost						
		\$1-9.99	\$10-19.99	\$20-29.99	\$30-39.99	\$40-49.99	\$50-59.99	\$60-69.99
<i>Total Companies</i>	135	30	71	14	9	5	3	3
Food and allied products	9	3	3	3	—	—	—	—
Textiles	3	2	1	—	—	—	—	—
Paper and allied products	8	1	5	—	2	—	—	—
Rubber	4	1	3	—	—	—	—	—
Electrical	5	1	3	—	—	—	1	—
Petroleum	4	—	1	1	—	1	1	—
Aircraft and auto products	5	1	4	—	—	—	—	—
Iron, steel, metal castings	5	—	2	2	—	—	—	1
Chemical and pharmaceutical	10	1	4	1	2	2	—	—
Machinery—all kinds	5	—	3	2	—	—	—	—
Merchandising	7	4	2	—	—	1	—	—
Communications	7	3	2	2	—	—	—	—
Transportation	5	1	4	—	—	—	—	—
Utilities	10	3	5	—	—	—	1	1
Financial	11	3	5	1	1	—	—	1
Miscellaneous ¹	37	6	24	2	4	1	—	—

¹ Miscellaneous includes those industries with two or less representatives. Among them are glass, sporting goods, small tool printing, lithographing, air conditioning, twine, tape, explosives, etc.

Table 3: Salaries of 123 Company Doctors¹ in Eighty-one Companies,² by Size of Company

Salary Range	No. of Companies	Number of Employees							Not Given
		1-499	500-999	1,000-4,999	5,000-9,999	10,000-49,999	50,000-99,999	100,000+	
<i>Total Companies</i>	<i>123</i>	<i>2</i>	<i>5</i>	<i>47</i>	<i>23</i>	<i>36</i>	<i>2</i>	<i>3</i>	<i>5</i>
Under \$5,999	5	—	—	3	1	1	—	—	—
\$6,000-9,999	8	1	—	4	—	3	—	—	—
10,000-14,999	64	1	3	29	9	15	1	2	4
15,000-19,999	28	—	1	10	10	7	—	—	—
20,000-24,999	12	—	1	—	2	7	1	1	—
25,000-29,999	5	—	—	1	1	2	—	—	1
30,000 or more	1	—	—	—	—	1	—	—	—

¹ The 123 doctors include sixty-three who are also medical directors.

² Thirty-five companies gave salaries for two or more doctors.

Table 4: Salaries of Sixty-three Medical Directors,¹ by Size of Company

Salary Range	No. of Medical Directors	Number of Employees						Not Given
		500-999	1,000-4,999	5,000-9,999	10,000-49,999	50,000-99,999	100,000+	
<i>Total Medical Directors</i>	<i>63</i>	<i>3</i>	<i>26</i>	<i>11</i>	<i>18</i>	<i>1</i>	<i>1</i>	<i>3</i>
\$6,000-9,999	3	—	3	—	—	—	—	—
10,000-14,999	23	1	15	1	4	—	—	2
15,000-19,999	20	1	7	8	4	—	—	—
20,000-24,999	11	1	—	1	7	1	1	—
25,000-29,999	4	—	1	1	2	—	—	1
30,000 or more ^a	1	—	—	—	1	—	—	—

¹ Sixty-one companies have supplied data on salaries paid their medical directors, but one company gave salaries for three directors in different plants, bringing the total to sixty-three directors.

² Only one company reported that the salary range of its medical director is above \$30,000. However, some corporations reported paying more than

\$15,000 for staff doctors but did not provide information about the salaries of their medical directors. It is possible that some of the latter, as well as directors of some large corporations that did not furnish any salary information, are in the \$30,000 or more category.

An important feature of the income earned by company-employed doctors in contrast to self-employed physicians and surgeons is the supplementing of salary by executive bonuses, profit-sharing plans, pensions and other fringe benefits that are common in business firms.

Part-time doctors—Some firms with full-time doctors also pay for the services of part-time doctors. And, of course, many companies have only part-time doctors. This part-time fee is paid in several ways. It may be on an hourly basis, or on a per-visit basis, or it may be a salary contract or retainer fee, or a retainer fee plus an hourly rate. One cooperator explained that its part-time doctor's salary is determined by using the full-time doctor's salary as a base, and then scaling this base downward in terms of the percentage of time actually worked.

Only twenty-four companies stated what hourly fee they pay their part-time doctors. As Table 5 shows, the range is wide—from \$3 to \$20 per hour. It is probable, though not usually explained by cooperators, that the high part-time fees are for surgical service in compensation cases and for specialists called for consultation purposes.

An analysis of the geographical location and size of

the companies offers no clue as to reasons for the variation in fees. Among localities represented in the \$10-an-hour group are Milwaukee, Atlanta, and Chicago, as well as two small New Jersey towns near metropolitan centers, a small city in Connecticut, and a small town in Michigan. The companies range in size from 310 to 15,000 employees.

The company paying a \$20 fee is near Boston and the one paying \$15 is in Minneapolis. The fees in the lower brackets are paid in cities as large as Philadelphia and in small midwestern towns.

Nurses—Salaries of 413 nurses employed by 210 companies are grouped by size of company as well as salary range in Table 6. The overwhelming majority of the 413 nurses receive from \$3,000 to \$5,000 annually, with the greatest proportion of that group earning from \$4,000 to \$5,000. Eighty-seven of the nurses have the title of "chief nurse," and these chief nurses are represented in various salary range groups. About 64% of the fifty-three nurses who are earning more than \$5,000 are chief nurses.

Medical technicians—Twenty-nine companies supplied information about salaries for medical technicians. As with the nurses, the greatest number receive \$3,000 to \$5,000, as can be seen in Table 7.

COST COMPARISONS

The question arises:—How do the cost data of the present survey compare with those of earlier years? Are companies now paying more or less for their employee health services?

Thirty-five of the cooperators provided both 1945 and current per-employee data. Thirty of the thirty-five firms also furnished their total annual expenditures for these periods. Both types of information are shown in Table 8. Also shown are sums representing the conversion of companies' present dollar expenditures to 1945 dollars. This, obviously, allows for a better comparison of current costs with those in the earlier period before inflation had reduced the buying power of the dollar.

Cost figures for comparative purposes can be deceptive, however, whether the purpose is to compare one company's costs with another or to compare a

single company's expenditures in different years. To interpret cost data reliably, it is important to know the elements that have been considered in determining them and to recognize the variables that can change their interpretation. For example:

1. Companies vary in methods of cost allocation. As shown in the tabulation on cost factors, one firm may charge its medical department with heat, rent and light, while another does not. Similarly, some companies charge the employee medical program with the cost of special examinations for executives performed at outside clinics; others do not. And this variation exists in all cost factors.

2. Nothing in a cost figure indicates how extensive a company's program is. Company A, for example, may provide periodic physical examinations to all employees, but Company B and C may not.

3. The size of the company affects the cost. Per-employee costs, of course, are lowered as a company's size increases because the cost of operating a medical department is spread over a wider group of employees. Accordingly, a company of 2,000 employees with the same type of program as a company of 4,000 may pay more per employee for its program even though the two charge the medical service with similar cost factors.

4. Any single year's figures for a company can be deceptive because they may reflect unusual expansion of the medical department or unusual purchases of equipment and supplies.

5. The type of business may influence the cost of medical services. Hazardous industries are apt to have more extensive medical services than banks and department stores for example. And most pharmaceutical firms, because of the nature of their products and their interest in promoting medical care, have more comprehensive programs than many other companies. Insurance firms, too, with their interest in maintaining health and preventing accidents, are inclined to have better health services than many other white collar firms of similar size.

Table 5: Hourly Fees Paid by Twenty-four Companies for Part-time Doctors

Hourly Fee	Number of Companies
\$3, \$5 and \$7.50 ^a	1
3.50	1
5.50	1
6	3
6 to \$12	1
6.05 ^b	1
6.50	1
6.50 to \$10 ^a	1
7	1
7.50	1
7.50 to \$10 ^a	1
8	1
10	8
15	1
20	1
Total	24

^a Fees differ for various reasons: (1) company has several part-time doctors and pays them different rates; (2) fee varies according to the total amount of time spent at the company during one visit; (3) fee varies according to the type of medical work required.

^b The top rate paid is \$6.05 but not all part-time doctors get the top rate.

Table 6: Salaries of 413 Nurses in 210 Companies,¹ by Size of Company

Salary Range	No. of Nurses	Number of Employees							Not Given
		250-499	500-999	1,000-4,999	5,000-9,999	10,000-49,999	50,000-99,999	100,000+	
<i>Total Number of Nurses</i> ...	413 ^a	14	25	164	48	122	23	5	12
\$2,000-2,999	2	—	1	—	—	1	—	—	—
3,000-3,999	162 ^b	7	13	66	16	33	20	1	6
4,000-4,999	196 ^c	7	7	76	22	75	1	2	6
5,000-5,999	46 ^d	—	4	21	8	9	2	2	—
6,000-6,999	7 ^e	—	—	1	2	4	—	—	—

¹ Some companies with more than one nurse gave salary ranges for all nurses on their payrolls so the total number of nurses is greater than the total number of companies.

^a Eighty-seven have the title of "chief nurse."

^b Six are chief nurses.

^c Forty-seven are chief nurses.

^d Thirty are chief nurses.

^e Four are chief nurses.

Even when an individual company attempts to compare its own costs from one year to the next, there are difficulties such as:

- Differences in the value of the dollar due to inflation or deflation.

- Changes in an individual company's method of allocating costs. (An item charged against the medical program now may not have been included in earlier years, or vice versa.)

- Significant increases or decreases in the size of the individual company that may have lowered or raised its per-employee cost.

- Higher costs in one year because of expansion of facilities, purchase of quantity lots of equipment, etc. (This is especially important where companies' costs for earlier years appear much higher. It was during the 1940's that many firms expanded their programs.)

Table 7: Salaries of Medical Technicians in Twenty-nine Companies, by Size of Company

Salary Range	No. of Companies	Number of Employees				
		1-999	1,000-4,999	5,000-9,999	10,000-49,999	100,000+
<i>Total Companies</i>	29	2	9	8	9	1
\$2,000-2,999	1	—	—	—	1	—
3,000-3,999	10	1	2	3	3	1
4,000-4,999	11	1	3	3	4	—
5,000-5,999	5	—	3	1	1	—
6,000-6,999	2	—	1	1	—	—

Table 8. Current and Past Costs of Companies' Medical Services

Company	Current Per-Employee Cost	Current Per-Employee Cost at 1945 Prices ¹	Per-Employee Cost in 1945	Current Total Annual Cost	Current Total Annual Cost at 1945 Prices ¹	Total Annual Cost in 1945
A	\$16	\$11.20	\$19.94	\$ 81,000	\$ 56,691.90	\$ 40,000
B	42	29.40	22	—	—	—
C	9	6.30	5.05	10,350	7,243.97	4,600
D	18.04	12.63	10.67	131,310	91,903.87	96,830
E	16	11.20	10	42,000	29,395.80	26,000
F	6	4.20	1.40	10,000	6,999	900
G	15.50	10.85	16.60	93,000	65,090.70	92,000
H	6.50	4.55	5	250,000	174,975	135,000
I	17	11.90	8.80	80,756	56,521.12	26,993
J	8.18	5.73	5.84	—	—	—
K	19.20	13.44	11.90	35,000	24,496.50	19,000
L	15.18	10.62	11.43	52,185	36,524.23	26,303
M	6.62	4.63	7.46	8,600	6,019.14	8,650
N	11.25	7.87	10.97	93,769	65,628.92	143,706
O	14.09	9.86	9.10	4,508.65	3,155.60	3,012.20
P	15.92	11.14	5.05	122,652	85,844.13	29,689
Q	15.45	10.81	12.30	16,360	11,450.36	7,455
R	9.30	6.51	3.90	16,000	11,198.40	6,400
S	15	10.50	6	18,000	12,598.20	15,000
T	10	7	7.50	8,091	5,662.89	6,000
U	35.63	24.94	8.37	89,000	62,291.10	22,000
V	15.37	10.76	6.21	—	—	—
W	18.10	12.67	16	400,000	279,960	379,000
X	16.64	11.65	25.92	101,504	71,042.65	111,127
Y	11.75	8.22	6.95	—	—	—
Z	3.44	2.41	1.50	16,326.24	11,426.74	4,365
AA	18.11	12.68	11.55	122,000	85,387.80	46,205
BB	26.50	18.55	13.50	7,000	4,899.30	4,000
CC	26.04	18.23	9.35	—	—	—
DD	6.67	4.67	3.95	173,000	121,082.70	73,000
EE	44	30.80	18.46	200,000	139,980	42,000
FF	17	11.90	6	140,000	97,986	62,000
GG	14.16	9.91	7.40	28,535	19,971.65	15,442
HH	11.25	7.87	7.85	11,900	8,323.81	7,300
II	6	4.20	3.50	40,000	27,996	15,700

¹ These figures are based on the NICB consumer price index.

Any influence that the first factor—the change in the dollar value—may have in this cost comparison picture can be determined by figuring the amounts spent in the two periods in terms of a constant dollar. And since most of the companies that provided per-employee cost information for past years also gave their total annual expenditures, in some cases it is also possible to determine whether a company's size has contributed to its per-capita cost change. The second and fourth factors, therefore, are the only ones that remain entirely unknown in this survey.

A comparison of thirty-five companies' present annual per-employee costs with similar 1945 costs (columns 2 and 4 in Table 8) shows that all but four companies are now paying more. Thirty of these thirty-five companies also provided comparative total annual expenditure data, and twenty-seven of these thirty are paying increased total annual expenditures.

In Terms of a Constant Dollar

But how do the expenditures line up in terms of the 1945 dollar? How many of the companies that are now paying more per employee, and also more per year still fall in this category when these expenditures are computed on the basis of a 1945 dollar?

Even when this is done, the comparison shows that twenty-four of the companies now pay more per employee. Four of the remaining eleven that are paying less show such slight decreases (45 cents, 11 cents, 81 cents and 50 cents) that even small bookkeeping changes or fluctuations in employment figures could account for the differences. In total expenditures, twenty-three of the thirty companies providing data show increases, while the remaining seven show decreases. And some of these seven companies have increased in size so that the total expenditure decrease may be attributable to the greater number of employees. But without more information, of course, this interpretation can be only speculative. However, Company A, which is now paying a smaller per-employee cost both in current dollars and on the basis of the 1945 dollar, has more than 3,000 additional employees. And total annual expenditures for Company A have greatly increased, both in current and 1945 dollars. Therefore, its lower per-employee cost can logically be said to reflect increased size rather than any great reduction in medical services offered.

Similarly, Company H is paying less per employee in terms of the 1945 dollar and only \$1.50 more in current dollars. But the company has experienced a tremendous increase in employment (more than 11,000 employees) so that its medical overhead costs are spread over a wider range and the per-employee cost accordingly becomes less. Examination of the total expenditures bears this out, since both in current dollars as well as in 1945 dollars the total annual ex-

penditure is considerably greater than it was in 1945.

Another example is that of Company L. Its present per-employee expenditure, when converted to 1945 dollars, is less than the actual 1945 expenditure. But the company now has more than 1,000 additional employees. And its total present expenditure is higher both in current dollars and converted dollars. Its decreased per-employee cost, therefore, may very well reflect the increase in the number of employees.

Conversely, of course, increased per-employee cost can be the result of fewer employees. However, in the Board's survey, cases of this type are more questionable because only a small minority of companies have decreased in size. Company FF is an example of one of the few with a sizable decrease — approximately 2,000 fewer employees. Yet the company has increased its total expenditure for medical services to such a great extent that improvement in the service is obviously one important reason for the increased per-employee cost.

The Trend Is Up

It is worth repeating that in all of these cost figures, factors such as changes in accounting methods, unusual medical department expansions occurring in one period, inaccuracy of the data reported by the medical department, etc., may have an effect on an individual company's figures.

But regardless of the influence of these factors, the number of companies showing the same or increased expenditures for medical services is enough of a majority to indicate that medical and health programs for employees have progressed rather than regressed in the past ten years.

Further indication of this trend is found in the case of one company whose cost figures suggest decreased medical services when actually the explanation is quite different. Company N's per-employee and total expenditures have decreased since 1945. Even considering a 5,000 drop in the number of employees, the company is not paying as much now, comparatively, for its medical services as it did in 1945. But the company explains this situation as follows:

"In 1945 our 5,000 additional employees were located in buildings and areas remote from our present main operating facilities. At the time, for example, we operated one plant some five miles distant from our main plant. To equip and staff these buildings with medical facilities, additional expenditures in personnel, equipment and supplies were necessary. These remote areas are not operating today."

And to give further assurance that its medical service has suffered no decline, the company adds: "We believe our medical services today to be superior to those offered in 1945. Yet at the same time fewer medical personnel are needed to provide these services. Improved training, improved techniques and better

operating controls have been integrated with a streamlining of various routine procedures to bring this about."

Finally, take the case of Company X. Although its cost figures actually do reflect a reduction in medical services due to a smaller staff and other general econ-

omies, the company says: "We are attempting now to engage an additional full-time physician because we believe there is no question but that we are understaffed at this time."

DORIS M. THOMPSON

Division of Personnel Administration

Labor Press Highlights

AFL-CIO Hits Labor Monopoly Charge

CHARGES THAT the AFL-CIO merger can be deemed "dangerous" or "monopolistic," or that the AFL-CIO constitutes a virtual monopoly, are called "completely false," and "without foundation," by *Labor's Economic Review*. This official monthly of the AFL-CIO analyzes the "labor monopoly myth" and says it is possible to identify "three major variations of the same theme."

- "There are some who still argue that the basic concept of collective bargaining is, in itself, essentially monopolistic and that all unions should therefore be outlawed as a menace to competitive free enterprise." According to *Labor's Economic Review*, this is nothing more than the "ancient conspiracy doctrine."

- "There are those who can see that unions are all right as long as they only bargain locally and with but one employer at a time. However, if a contract is negotiated with several employers jointly (multiemployer bargaining) or even on a company-wide basis, this somehow becomes monopolistic."

- "There are those who argue that the AFL-CIO will now wield economic power of such proportion as to make it a nationwide monopoly."

The "Conspiracy" Doctrine

Examining these three charges, *Labor's Economic Review* says, "The conspiracy theory was knocked out by the courts in the middle of the nineteenth century, and by the Clayton Act of 1914, which held that the labor of a human being is not a commodity or an article of commerce." In support of this contention, *Labor's Economic Review* states:

1. Unlike a corporation, the worker cannot withhold his services from the market. "His family must eat every day."

2. "While the market price of most products is generally known to buyers and sellers alike, the price of labor is often unknown to the worker looking for a job."

3. While corporations can and do ship their prod-

ucts to wherever they will bring the highest price, the worker, because of family commitments, "tends to be relatively immobile."

4. Because the supply of wage and salary earners usually exceeds demand, "workers would have little choice but to accept whatever price was offered for their services without collective bargaining through labor unions."

Restraint of Trade Argument

In denying the charge that multiemployer and company-wide bargaining tend to restrain trade, *Labor's Economic Review* says that well over 100,000 separate management-labor agreements are negotiated by AFL-CIO unions, and most of these are negotiated by local unions with their separate employers. However, *Labor's Economic Review* holds that because the structure and operations of business enterprises, for the most part, are expanding, unions too must expand the scope of their bargaining activity. "The emergence of huge multiplant corporations that produce and sell over the entire nation has required the development of company-wide collective bargaining. And special problems arising among competing employers have given rise, in many cases, to the necessity for multiemployer bargaining." Multiemployer bargaining, according to *Labor's Economic Review*, "reflects the inevitable desire and necessity to secure fair and equalized wage rates among competitors in the labor market. What really disturbs those who oppose multiemployer or company-wide bargaining is the fact that strong national unions have emerged to challenge the arbitrary power of the giant corporations."

The "Monopoly" Charge

Concerning the charge that the AFL-CIO in itself constitutes a virtual monopoly, *Labor's Economic Review* says that it must first be understood that the "AFL-CIO is not a collective bargaining agency at all but a federation of autonomous national unions. It issues no wage demands, and it has neither voice nor

vote at any bargaining table. It can order no strikes."

According to *Labor's Economic Review*, the AFL-CIO has comparatively limited means to monopolize public opinion or even insure that the federation's views are broadly heard: "We publish no daily newspapers. Our total resources to educate, conduct economic research, and to convey our views to the public and to Congress . . . come exclusively from an income of 4 cents per member per month to the national AFL-CIO. Annually, it amounts to no more than is now spent in one year by a single cosmetic firm to advertise its product on television."

Steelworkers Set Wage, Fringe Demands

Major goals of the United Steelworkers' 1956 bargaining program include substantial wage increases, supplementary unemployment compensation, premium pay for week-end work and a liberalized, noncontributory health and welfare program, according to reports in *Steel Labor*. The Steelworkers' contracts with several basic steel companies expire June 30, with negotiations scheduled to open in May.

At "operation sound-off," which opened the current wage drive, Steelworker President David MacDonald emphasized

that premium pay for Saturday and Sunday work was a major demand. But he noted that since many steel processes were continuous operations it might be difficult to get companies to change long-held methods of scheduling work. According to a report in *The AFL-CIO News*, many of the Steel union representatives at the meeting emphasized that their motive in demanding week-end premium pay is to give companies an incentive to reschedule work so that employees can spend week-ends with their families.

In addition, the Steelworkers will seek to extend to the steel industry the type of supplemental unemployment compensation program negotiated with the can industry last year, according to *The AFL-CIO News*. Questionnaires designed to elicit information on unemployment experience during the past ten years have already been sent to most steel companies. And the Steelworkers' union anticipates using this information as a basis for its SUB demands.

Also high on the Steel union's priority list, according to *The AFL-CIO News*, are more comprehensive hospital and surgical plans, and "complete" medical and dental care. The union wants to shift the entire cost of these programs to the employer. Arthur Goldberg, the Steelworkers' general counsel, cautioned, however, that "our bargaining position will determine how nearly we can approximate that goal."

HAROLD STIEGLITZ

Division of Personnel Administration

Trends in Labor Relations

Extent of Clerical Unionization

A CONFERENCE BOARD survey, which covers 68,686 clerical employees in 787 firms located in twenty cities, brings to light new data on the extent of unionization among clerical employees.¹ Of the 787 firms surveyed, 673, or 86%, state that none of their clerical workers are unionized; and 107 firms (14% of the total) report the following percentages of union membership among their clerical employees:

<u>Percentage of Clerical Employees Unionized</u>	<u>No. of Firms</u>	<u>% of Firms</u>
1- 24%	11	1%
25- 49	9	1
50- 74	11	1
75-100	76	10

There is proportionately more unionization of clerical employees in nonmanufacturing than in the manufacturing companies surveyed. Twenty-one per cent of 328 nonmanufacturing companies report some unionization, as compared to 10% of 459 manufacturing companies. Among the nonmanufacturing companies,

more than 50% of the utilities, transportation and communications firms report some unionization of clerical employees, and 41% are almost totally unionized. Among the most successful organizers in these fields are the telephone unions, which usually include both manual and office employees in their contracts. And in the railroad industry, the AFL-CIO Railway Clerks have achieved a high degree of unionization among clerical employees. In addition the Utility Workers Union of America, AFL-CIO, and the International Brotherhood of Electrical Workers, AFL-CIO—both normally blue-collar unions—also include office workers in some of their bargaining units.

Retail firms constitute the second largest group among the nonmanufacturing firms surveyed that report some degree of unionization of clerical employees. White-collar unions are represented in 31% of the retail firms surveyed. And in 18% of these companies, almost all clerical employees are union members. Both the Retail Clerks International Association, AFL-CIO, and the Retail, Wholesale and Department Store Union, AFL-CIO, have been actively organizing clerical employees.

¹ A partial list of companies that participated in the study can be found on pps. 20-24 of the 1955 "Clerical Salary Survey," *Studies in Labor Statistics*, No. 16, published by THE CONFERENCE BOARD.

Extent of Unionization Among Clerical Employees in 787 Selected Firms

Industrial Classification	Total Firms Reporting	Per Cent of Unionization					
		None	1-24%	25-49%	50-74%	75-100%	Not Reported
<i>Nonmanufacturing</i>							
Mining	1	1	—	—	—	—	—
Construction	12	12	—	—	—	—	—
Utilities, transportation & communication	80	35	3	1	6	33	2
Wholesale trade	46	42	—	—	—	3	1
Retail trade	57	39	2	4	1	10	1
Finance	97	97	—	—	—	—	—
Services	35	33	1	—	—	1	—
<i>Total nonmanufacturing</i>	328	259	6	5	7	47	4
<i>Manufacturing</i>							
Ordnance & accessories	2	1	1	—	—	—	—
Food & kindred products	50	45	—	—	1	4	—
Tobacco products	1	1	—	—	—	—	—
Textile mill products	12	11	—	—	—	1	—
Apparel	6	6	—	—	—	—	—
Lumber & wood products	2	2	—	—	—	—	—
Furniture & fixtures	11	10	—	—	—	1	—
Paper & allied products	13	13	—	—	—	—	—
Printing & publishing	27	21	1	1	—	4	—
Chemical & allied products	40	38	1	—	1	—	—
Petroleum & coal products	19	16	—	1	—	2	—
Rubber products	7	7	—	—	—	—	—
Leather & leather products	7	7	—	—	—	—	—
Stone, clay & glass	39	33	—	—	—	1	—
Primary metals	19	17	—	—	—	2	—
Fabricated metals	46	43	—	—	—	2	1
Machinery (except electrical)	42	36	1	—	—	4	1
Electrical machinery	35	31	—	—	—	4	—
Transportation equipment	28	20	1	2	2	2	1
Instruments & scientific apparatus	17	15	—	—	—	2	—
Miscellaneous manufacturing	36	36	—	—	—	—	—
<i>Total manufacturing</i>	459	414	5	4	4	29	3
TOTAL ALL FIRMS	787	673	11	9	11	76	7

Source: National Industrial Conference Board. Figures originally compiled for 1955 "Clerical Salary Survey," *Studies in Labor Statistics*, No. 16.

Among the manufacturing firms in the survey, most of the unionized white-collar workers are in two industries—transportation equipment and printing and publishing. One-quarter of the firms manufacturing transportation equipment report some unionization, with about the same number of companies falling in each of the percentage categories shown in the tabulation above.

And in the printing and publishing field 22% of the firms report some unionization, while 15% say they are almost completely unionized. In this field the American Newspaper Guild, AFL-CIO, has been especially active.

Air Line Pilots Refund Dues

The Air Line Pilots Association, AFL-CIO has long been noted as a union whose members earn very high salaries. And dues are graduated according to the members' earnings. At the high end of the scale are those pilots who earn \$20,000 or more per year and who pay \$300 per year in dues. At the low end are

those pilots who earn \$4,000 or less and who pay \$60 per year.

However, some of this money may be refunded to the members. This is in accordance with the union's constitution, which states:

"At the end of each fiscal year, whenever total income exceeds total expenses, such net income, up to an amount not to exceed 15% of the total expenses for that fiscal year, shall be credited to the association reserves whenever its net worth is less than \$2.5 million or is less than an amount based on \$275 per capita of its dues-paying membership. All net income not so transferred (into the reserve fund) shall be returned to the membership in good standing in the form of a pro-rated refund payable to those dues-paying members . . . who are in good standing . . ."

At the present time, for example, the Air Line Pilots are refunding \$360,000 from the dues collected during 1955.

JAMES J. BAMBRICK, JR.

MARIE P. DORBANDT

Division of Personnel Administration

MANAGEMENT RECORD

EMPLOYEE BENEFITS

Ford Motor Thrift Plan

The Ford Savings and Stock Investment Program is for salaried employees with at least nine months of service. An eligible employee can contribute as much as 10% of his base salary and cost of living allowance, up to a maximum contribution of \$2,000 each year. For every dollar the employee contributes, the company contributes 50 cents. Employee contributions and company contributions for each year are accumulated in an annual "class." These contributions are turned over to a trustee to be invested as provided in the program. Each class "matures" five years after the end of the year in which the contributions were made.

And each year, the employee is given the option of participating either in the Savings Plan or in the Stock Investment Plan.

Savings Plan

Under the Savings Plan, employee contributions are invested half in government bonds and half in Ford common stock. All of the company's contributions are invested in Ford common stock. The employee receives all securities and any uninvested cash when each class matures. Ford guarantees that upon any distribution or withdrawal at or prior to the maturity of a class, the employee will receive securities and cash of a value at least equal to his contributions to the class, plus interest at the government bond rate.

Stock Investment Plan

Under the Stock Investment Plan, an employee has a choice of investing his contributions half in Ford common stock and half in government bonds or entirely in common stock. In either case, company contributions are invested entirely in Ford common stock.

At or after the maturity of a stock investment plan class, an employee can withdraw the securities and uninvested cash attributable to his contributions, or he can leave them in his account until termination of employment. But securities purchased by company contributions, or from earnings on company and employee contributions, are turned over to an employee only at termination of employment.

If an employee elects the 50% bond-50% stock alternative, the company guarantee is the same as under the Savings Plan on distribution or withdrawal prior to maturity. At the maturity of a Stock Invest-

ment Plan class, the company guarantees that the value of assets in an employee's account will be at least equal to his contributions plus interest at the government bond rate. If the employee elects the 100% stock alternative, the guaranteed amount would be the same as if he had elected the 50% bond-50% stock alternative. However, there is no guarantee covering a Stock Investment Plan class after its maturity.

Withdrawals and Distributions Prior to Class Maturity

At termination of employment because of retirement, total and permanent disability, or death, all securities in an employee's account are turned over to him or his beneficiary—including all securities resulting from company contributions. At termination of employment for any other reason, or upon voluntary withdrawal at any time, an employee receives all securities and cash attributable to his own contributions and earnings, plus securities and cash attributable to company contributions which are vested. Vesting of company contributions does not begin until two years after a class has closed. Beginning at that time, they are vested at the rate of 2.75% for each month, and become fully vested after the class has been closed for five years. An employee can withdraw the securities and cash attributable to his own contributions as well as vested company contributions at any time.

Prudential's Major Medical Program

Prudential Life Insurance Company recently increased the benefits of its major medical program for employees and dependents at no added cost to employees. The deductible, which increases as salary increases, has been cut in half. Also, under the old plan, the deductible had to be applied to each separate illness; now it applies only once each year to each individual, regardless of the number of disabilities. The revised plan pays 80%, rather than 75%, of major medical expenses. But the over-all maximum which the plan pays for each person remains at \$10,000.

The new plan allows an employee who retires to continue the major medical coverage for himself and his dependents for a five-year period. Maximum benefits are \$2,000 for the retired employee and \$2,000 for each dependent.

HARLAND FOX

Division of Personnel Administration

Significant Labor Statistics

Item	Unit	1956		1955					Year Ago	Percentage Change	
		Feb.	Jan.	Dec.	Nov.	Oct.	Sept.	Aug.		Latest Month over Previous Month	Latest Month over Year Ago
Consumer Price Indexes											
All Items.....	1953 = 100	101.1	101.1	101.0	100.7	100.7	100.5	100.3	99.9	0	+1.1
Food.....	1953 = 100	97.3	97.5	97.9	98.0	98.6	98.5	98.2	98.2	-0.2	-0.1
Housing.....	1953 = 100	102.4	102.2	102.1	102.0	101.9	101.6	101.5	101.2	+0.2	+1.1
Apparel.....	1953 = 100	99.3	99.3	99.3	99.3	99.4	99.3	99.2	98.8	0	+0.1
Transportation.....	1953 = 100	105.3	105.8	104.7	102.9	101.3	100.9	100.6	100.1	-0.5	+5.1
Sundries.....	1953 = 100	103.4	103.1	102.9	102.7	102.7	102.6	102.3	101.3	+0.3	+2.1
Purchasing Value of Dollar.....	1953 dollars	98.9	98.9	99.0	99.3	99.3	99.5	99.7	100.1	0	-1.1
(BLS) All Items.....	1947-1949 = 100	114.6	114.6	114.7	115.0	114.9	114.9	114.5	114.3	0	+0.1
Employment Status¹											
Civilian labor force.....	thousands	65,491	65,775	66,592	67,206	67,292	66,882	67,725	63,321	-0.4	+3.1
Employed.....	thousands	62,577	62,891	64,165	64,807	65,161	64,733	65,488	59,938	-0.5	+4.1
Agriculture.....	thousands	5,470	5,635	5,884	6,920	7,905	7,875	7,536	5,084	-2.9	+7.1
Nonagricultural industries.....	thousands	57,107	57,256	58,281	57,887	57,256	56,858	57,952	54,854	-0.3	+4.1
Unemployed.....	thousands	2,914	2,885	2,427	2,398	2,131	2,149	2,237	3,383	+1.0	-13.1
Wage Earners^{2,3}											
Employees in nonagr'l establish'm'ts. . .	thousands	p 49,446	r 49,621	r 51,311	50,629	50,471	50,322	49,858	47,753	-0.4	+3.1
Manufacturing.....	thousands	p 16,778	r 16,838	r 17,026	17,049	16,999	16,915	16,807	16,060	-0.4	+4.1
Mining.....	thousands	p 747	r 747	754	754	751	758	754	737	0	+1.1
Construction.....	thousands	p 2,217	r 2,258	r 2,422	2,580	2,685	2,748	2,746	2,169	-1.8	+2.1
Transportation and public utilities.....	thousands	p 4,089	r 4,096	r 4,165	4,143	4,127	4,152	4,137	3,937	-0.2	+3.1
Trade.....	thousands	p 10,720	r 10,850	r 11,753	11,126	10,909	10,824	10,638	10,309	-1.2	+4.1
Finance.....	thousands	p 2,222	r 2,210	r 2,219	2,213	2,216	2,223	2,241	2,132	+0.5	+4.1
Service.....	thousands	p 5,611	r 5,602	r 5,657	5,690	5,730	5,791	5,818	5,536	+0.2	+1.1
Government.....	thousands	p 7,062	r 7,020	r 7,315	7,074	7,054	6,911	6,717	6,873	+0.6	+2.1
Production and related workers in mfg. employment.....	thousands	p 13,204	r 13,281	r 13,464	13,498	13,446	13,373	13,262	12,649	-0.6	+4.1
All manufacturing.....	thousands	p 7,687	r 7,766	r 7,847	7,839	7,729	7,623	7,553	7,232	-1.0	+5.1
Durable.....	thousands	p 5,517	r 5,515	r 5,617	5,659	5,717	5,750	5,709	5,367	0	+2.1
Nondurable.....	thousands	p 40.6	40.6	41.3	41.2	41.1	40.9	40.6	40.4	0	+0.5
Average weekly hours.....	number	p 41.2	r 41.2	41.9	41.9	41.7	41.5	41.1	41.1	0	+0.2
All manufacturing.....	number	p 39.8	r 39.8	40.4	40.3	40.3	40.2	39.9	39.5	0	+0.8
Average hourly earnings.....	dollars	p 1.93	1.93	1.93	1.93	1.91	1.90	1.88	1.85	0	+4.3
All manufacturing.....	dollars	p 2.05	r 2.06	2.06	2.06	2.04	2.03	2.01	1.96	-0.5	+4.6
Durable.....	dollars	p 1.74	1.75	1.74	1.74	1.72	1.72	1.70	1.68	-0.6	+3.6
Nondurable.....	dollars	p 78.36	78.36	79.71	79.52	78.50	77.71	76.33	74.74	0	+4.8
Average weekly earnings.....	dollars	p 84.46	r 84.87	86.31	86.31	85.07	84.25	82.61	80.56	-0.5	+4.8
All manufacturing.....	dollars	p 69.25	r 69.65	70.30	70.12	69.32	69.14	67.83	66.36	-0.6	+4.4
Durable.....	dollars	p 1.87	1.87	1.86	1.86	1.84	1.83	1.83	1.79	0	+4.5
Nondurable.....	dollars	p 1.97	1.98	1.97	1.97	1.96	1.95	1.94	1.89	-0.5	+4.2
Straight time hourly earnings (estimated).....	dollars	p 1.70	r 1.71	1.69	1.69	1.67	1.67	1.66	1.64	-0.6	+3.7
Turnover Rates in Manufacturing²											
Separations.....	per 100 employees	p 3.7	3.6	3.0	3.1	3.5	4.4	4.0	2.5	+2.8	+48.0
Quits.....	per 100 employees	p 1.3	1.4	1.1	1.4	1.8	2.8	2.2	1.0	-7.1	+30.0
Discharges.....	per 100 employees	p 0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.2	0	+50.0
Layoffs.....	per 100 employees	p 1.9	1.7	1.4	1.2	1.1	1.1	1.3	1.1	+11.8	+72.0
Accessions.....	per 100 employees	p 3.0	3.3	2.5	3.3	4.1	4.4	4.5	3.2	-9.1	-6.3

¹ Bureau of the Census.

² Bureau of Labor Statistics.

³ The BLS had adjusted its nonfarm employment and hours and earnings series to first quarter 1954 benchmark levels. The benchmark level is the total count of workers covered in each industry, and in this instance the data were received from government social insurance programs. The adjustment affects all figures since January, 1951.

p Preliminary
na Not available.

r Revised

Consumer Prices Unchanged in February

PRICES IN FEBRUARY remained at the level established in the previous month, according to THE CONFERENCE BOARD'S United States index. The all-items index at 101.1 (1953 = 100) was unchanged from January, while it was 1.2% above the February, 1955, figure.

The purchasing value of the dollar continued at its all-time low of 98.9 cents (1953 dollar = 100 cents). And this meant that the dollar bought 1.2 cents less in February, 1956, than in February, 1955.

Although the all-items figure was unchanged over the month, price movement within the major components was not negligible. However, the increases in some commodity groups were nullified by decreases in others. Housing and sundries were up 0.2% and 0.3%, respectively. But food and transportation were down 0.2% and 0.5%, respectively. The apparel index was the only one to remain unchanged over the month.

The food index, which has been declining for four consecutive months, dropped to 97.3. However, the declines in meat prices, which were mainly responsible for the continued downward trend in food, seemed to be levelling off. The meat, fish and poultry index went down 0.5%—a relatively small decline compared to the previous months. Pork prices showed signs of recovery at the beginning of the month and were only 0.2% below their January level. And since price cuts for pork have ranged from 2.6% to 4.1% during the last five months, this 0.2% decrease may be indicative of a firmer price picture. Fish and poultry were also slightly higher than in January. Beef was the only item in the group that continued to fall at the rate established in the previous months. It dropped 1.1%.

The dairy products and eggs index registered its first decline since June, 1955. This 1.6% decrease was caused mainly by a break in egg prices, which had been moving up steadily since June. However, even though eggs were 6.2% cheaper in February than in the previous month, they still were 20% above their June level. Fresh milk was also slightly lower, while butter and cheese were somewhat higher. The "other food" index moved down 0.4%, as coffee and fats and oils were cheaper.

But all these decreases were partly balanced by considerable increases for fruits and vegetables. This index moved up 1.8% over the month, with both fresh and canned fruits and vegetables higher. Fresh vegetables

advanced 5%, as the Florida frosts caused unusually short supplies, with green beans and tomatoes most severely affected. And potatoes were 8.8% more expensive than in January, as both the frosts and government-subsidized buying cut supplies.

The cereal and bakery products group remained unchanged, with higher-priced bakery goods balancing cheaper cereals.

The housing index moved up 0.2% over the month as advances were registered by all groups included in this index. Rents increased by 0.3%. And the fuel, power and water index was 0.6% higher—due entirely to seasonal increases in fuel prices. Furnishings and equipment were up 0.2%, as lower prices for electrical appliances could not balance the increases for other commodities. The other household operations group increased a fractional 0.1%. The apparel index remained unchanged for the third consecutive month, with fragmentary increases for both men's and women's apparel offset by lower prices for dress materials.

Transportation costs showed a decline for the first time in six months. This index was off 0.5%, as price cuts were reported for new as well as used cars. On the other hand, automobile-upkeep costs were slightly higher, while public-transportation costs remained unchanged over the month.

The sundries index rose 0.3%, with increases ranging from 0.4% for personal care to 0.2% for tobacco and alcoholic beverages.

Prices a Year Ago

Compared with a year ago, consumer prices were up 1.2%, with four of the five major components showing substantial increases over last year. The only consolation for the consumer was the 0.9% decrease in food prices. Meat, fish and poultry prices showed the sharpest decline; they were off 6.8%. The "other food" group followed, with a 3.2% drop that resulted from lower coffee and fat prices. However, dairy products and eggs were up 3.5%. And the vegetable and fruit index rose 4.2%, while cereal and bakery products were up 0.7%.

Housing costs showed the same increase as the over-all price level for the year: they advanced 1.2%. Other household operations showed the greatest increase—1.6%. The rent index as well as the furnishings

Consumer Price Index—United States

Cities over 50,000 in population
1953 = 100

	ALL ITEMS	FOOD						HOUSING				
		Total	Mnt. Fish, Poultry	Cereal, Bakery Products	Dairy Products, Eggs	Fruits, Vege- tables	Other Food at Home	Total	Rent	Fuel, Power, Water		
										Total	Gas	Elec- tricity
1954 August.....	100.4	100.3	98.0	103.3	93.4	98.3	114.6	100.7	104.7	100.0	101.4	101.1
September.....	100.3	99.6	97.0	103.3	94.0	96.9	112.9	100.8	104.8	100.2	101.4	101.0
October.....	100.0	98.8	94.8	103.4	94.3	96.5	112.2	101.0	105.2	101.0	101.5	101.0
November.....	100.0	98.6	94.7	103.7	94.6	96.4	110.6	101.0	105.3	100.7	101.5	101.0
December.....	99.8	97.9	93.7	104.0	93.5	95.5	110.5	101.1	105.3	101.1	101.6	101.0
Annual Average...	100.2	99.5	97.7	103.2	94.2	97.0	110.7	100.9	104.3	101.1	102.7	100.7
1955 January.....	99.9	98.2	94.3	104.0	92.8	97.1	110.2	101.2	105.5	102.7	104.8	100.9
February.....	99.9	98.2	94.4	104.2	93.6	97.4	108.8	101.2	105.5	103.1	105.2	100.9
March.....	100.1	98.4	94.1	104.3	94.2	99.1	107.5	101.3	105.7	103.3	105.6	101.0
April.....	100.1	98.3	94.3	104.3	93.0	100.7	106.5	101.5	105.8	103.5	106.5	101.1
May.....	100.2	98.4	94.0	104.4	91.7	104.1	105.7	101.4	105.8	102.9	106.5	101.1
June.....	100.2	98.3	94.6	104.4	91.5	103.5	104.6	101.4	105.8	102.7	106.7	101.2
July.....	100.3	98.6	94.9	104.6	92.4	103.6	104.6	101.2	106.2	101.4	103.9	101.6
August.....	100.3	98.2	94.5	104.7	94.5	99.1	104.7	101.5	106.2	101.8	104.2	101.7
September.....	100.5	98.5	94.9	104.8	96.4	97.4	105.1	101.6	106.3	102.1	104.5	101.7
October.....	100.7	98.6	94.0	104.8	97.4	97.7	105.5	101.9	106.5	102.6	104.5	101.8
November.....	100.7	98.0	91.7	104.4	97.7	98.0	105.6	102.0	106.6	102.9	105.0	101.8
December.....	101.0	97.9	89.9	104.4	98.3	99.7	105.9	102.1	106.8	103.2	105.3	101.8
Annual Average...	100.3	98.3	93.8	104.4	94.5	99.8	106.2	101.5	106.1	102.7	105.2	101.4
1956 January.....	101.1	97.5	88.4	104.9	98.5	99.7	105.7	102.2	106.8	103.7	106.0	101.9
February.....	101.1	97.3	88.0	104.9	96.9	101.5	105.3	102.4	107.1	104.3	106.0	101.9

	HOUSING (continued)		APPAREL			TRANS- POR- TATION	SUNDRIES	PUR- CHASING VALUE OF DOLLAR	REBASED INDEXES		
	Furnish- ings, Equipment	Other Household Operations	Total	Men's Apparel	Women's Apparel				All Items (January 1939=100)	Purchasing Value of January, 1939 Dollar	All Items (1947-49 = 100)
1954 August.....	98.5	100.3	99.0	99.4	98.6	100.4	101.0	99.6	182.3	54.9	114.3
September.....	98.6	100.4	99.0	99.5	98.6	100.5	101.1	99.8	182.1	54.9	114.2
October.....	98.6	100.4	99.0	99.4	98.6	100.1	101.1	100.0	181.6	55.1	113.8
November.....	98.7	100.5	99.0	99.4	98.6	100.2	101.2	100.0	181.6	55.1	113.8
December.....	98.6	100.5	98.9	99.3	98.5	99.9	101.3	100.2	181.2	55.2	113.6
Annual Average...	98.9	100.3	99.2	99.5	98.9	100.1	101.0	99.8	182.0	54.9	114.1
1955 January.....	98.3	100.5	98.8	99.3	98.3	100.0	101.3	100.1	181.5	55.1	113.7
February.....	98.0	100.5	98.8	99.3	98.2	100.1	101.3	100.1	181.5	55.1	113.8
March.....	98.1	100.7	98.9	99.2	98.4	100.3	101.3	100.0	181.7	55.0	113.9
April.....	98.3	100.7	98.9	99.2	98.4	100.2	101.5	99.9	181.8	55.0	113.9
May.....	98.2	100.8	98.8	99.2	98.3	100.4	101.6	99.8	181.9	55.0	114.0
June.....	98.2	100.6	98.8	99.2	98.2	101.3	101.8	99.8	182.1	54.9	114.1
July.....	98.0	100.7	98.9	99.2	98.2	100.5	102.1	99.7	182.1	54.9	114.1
August.....	98.3	101.0	99.2	99.6	98.5	100.6	102.3	99.7	182.2	54.9	114.2
September.....	98.4	101.2	99.3	99.7	98.6	100.9	102.6	99.5	182.5	54.8	114.4
October.....	98.7	101.4	99.4	99.6	98.7	101.3	102.7	99.3	182.9	54.7	114.6
November.....	98.9	101.5	99.3	99.7	98.4	102.9	102.7	99.3	182.9	54.7	114.7
December.....	99.2	101.7	99.3	99.7	98.3	104.7	102.9	99.0	183.4	54.5	114.9
Annual Average...	98.4	100.9	99.0	99.4	98.4	101.1	102.0	99.7	182.2	54.9	114.2
1956 January.....	99.3	102.0	99.3	99.8	98.0	105.8	103.1	98.9	183.6	54.5	115.0
February.....	99.5	102.1	99.3	99.9	98.1	105.3	103.4	98.9	183.6	54.5	115.0

Consumer Price Index—United States

Annual average 1914-1954^a
1953 = 100

Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar
1914.....	40.3	248.1	1925.....	67.8	147.5	1935.....	53.6	186.6	1945.....	70.2	142.5
1915.....	40.0	250.0	1926.....	68.3	146.4	1936.....	54.8	182.5	1946.....	74.9	133.5
1916.....	43.0	232.6	1927.....	66.9	149.5	1937.....	57.2	174.8	1947.....	84.7	118.1
1917.....	51.3	194.9	1928.....	65.9	151.7	1938.....	55.7	179.5	1948.....	90.1	111.0
1918.....	59.5	168.1	1929.....	65.6	152.4	1939.....	55.0	181.8	1949.....	88.8	112.6
1919.....	67.6	147.9	1930.....	63.4	157.7	1940.....	55.4	180.5	1950.....	90.0	111.1
1920.....	77.8	128.5	1931.....	57.0	175.4	1941.....	58.3	171.5	1951.....	97.0	103.1
1921.....	66.8	149.7	1932.....	50.9	196.5	1942.....	64.5	155.0	1952.....	99.5	100.5
1922.....	63.6	157.2	1933.....	49.0	204.1	1943.....	68.2	146.6	1953.....	100.0	100.0
1923.....	65.4	152.9	1934.....	51.8	193.1	1944.....	69.1	144.7	1954.....	100.2	99.8
1924.....	66.1	151.3							1955.....	100.3	99.7

^a Indexes from 1914 through 1919 are for the month of July only and are not annual averages.

Consumer Price Index

These indexes show changes in consumer prices only. They do NOT show intercity differences in price level or standards of living.

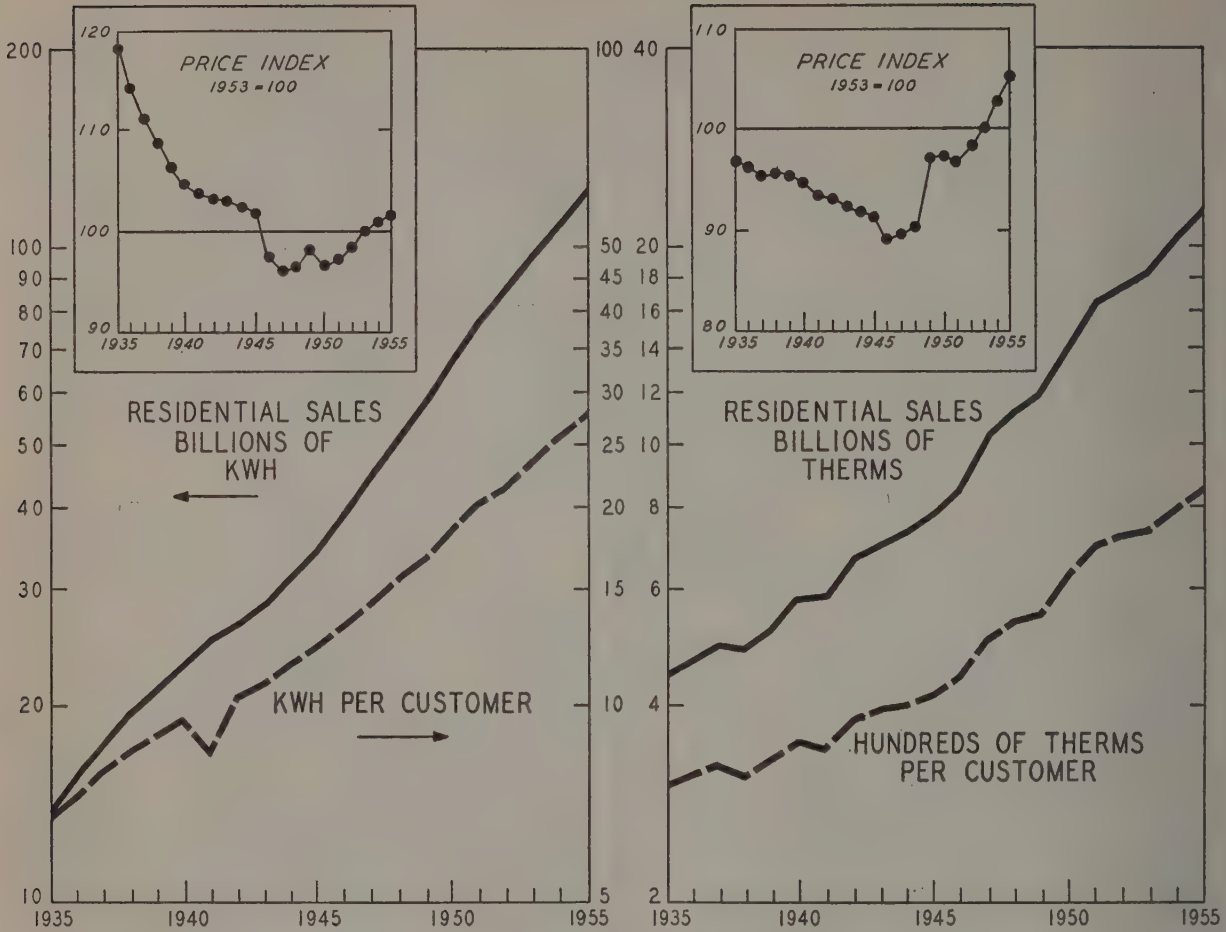
Cities Surveyed Monthly

	Index Numbers 1953 = 100			Percentage Changes			Index Numbers 1953 = 100			Percentage Changes	
	Feb. 1956	Jan. 1956	Feb. 1955	Jan. 1956 to Feb. 1956	Feb. 1955 to Feb. 1956		Feb. 1956	Jan. 1956	Feb. 1955	Jan. 1956 to Feb. 1956	Feb. 1955 to Feb. 1956
Chicago						Los Angeles					
All Items.....	103.8	104.0	101.8	-0.2	+2.0	All Items.....	100.2	100.1	99.4	+0.1	+0.8
Food.....	98.6	98.9	100.0	-0.3	-1.4	Food.....	96.2	95.9	96.1	+0.3	+0.1
Housing.....	107.8	107.8	105.2	0	+2.5	Housing.....	101.8	101.6	101.3	-0.3	0
Apparel.....	100.0	100.2	98.2	-0.2	+1.8	Apparel.....	99.0	99.1	99.6	-0.1	-0.6
Transportation.....	106.5	106.9	101.0	-0.4	+5.4	Transportation.....	103.0	103.3	100.0	-0.3	+3.0
Sundries.....	106.2	106.1	101.9	+0.1	+4.2	Sundries.....	102.1	101.8	100.4	+0.3	+1.7
Houston						New York					
All Items.....	101.0	101.3	100.0	-0.3	+1.0	All Items.....	100.7	100.7	100.4	0	+0.3
Food.....	97.7	98.7	98.1	-1.0	-0.4	Food.....	96.6	96.9	98.2	-0.3	-1.6
Housing.....	102.3	102.0	101.1	+0.3	+1.2	Housing.....	103.0	102.7	101.6	+0.3	+1.4
Apparel.....	99.6	99.2	99.6	+0.4	0	Apparel.....	97.9	97.9	97.8	0	+0.1
Transportation.....	104.3	105.6	99.3	-1.2	+5.0	Transportation.....	111.8	111.9	107.8	-0.1	+3.7
Sundries.....	102.1	102.2	101.6	-0.1	+0.5	Sundries.....	101.7	101.9	101.1	-0.2	+0.6

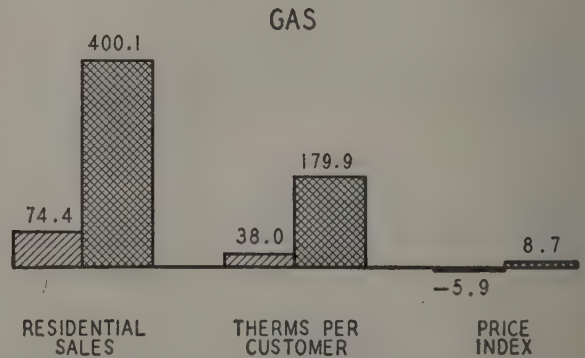
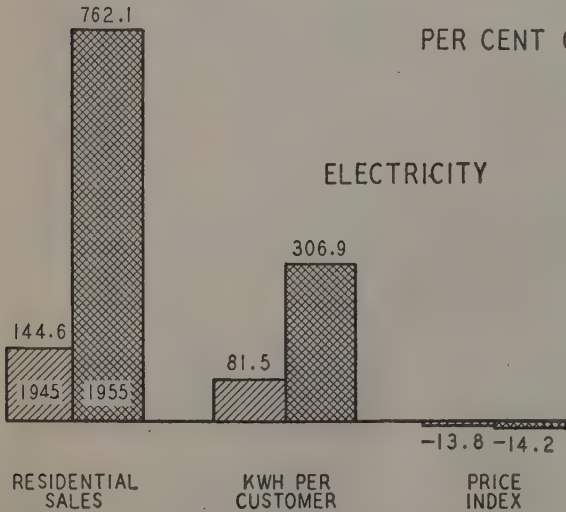
Cities Surveyed Quarterly

	Index Numbers 1953 = 100			Percentage Changes			Index Numbers 1953 = 100			Percentage Changes	
	Feb. 1956	Nov. 1955	Feb. 1955	Nov. 1955 to Feb. 1956	Feb. 1955 to Feb. 1956		Feb. 1956	Nov. 1955	Feb. 1955	Nov. 1955 to Feb. 1956	Feb. 1955 to Feb. 1956
Akron						Duluth-Superior					
All Items.....	101.2	101.2	99.9	0	+1.3	All Items.....	101.1	101.4	100.4	-0.3	+0.7
Food.....	96.2	97.6	99.1	-1.4	-2.9	Food.....	97.2	98.5	99.2	-1.3	-2.0
Housing.....	103.3	102.7	101.4	+0.6	+1.9	Housing.....	103.5	102.4	101.8	+1.1	+1.7
Apparel.....	98.1	98.3	98.3	-0.2	-0.2	Apparel.....	98.0	98.3	98.3	-0.3	-0.3
Transportation.....	105.6	108.0	97.4	-2.2	+8.4	Transportation.....	104.5	106.7	100.8	-2.1	+3.7
Sundries.....	104.4	101.9	101.2	+2.5	+3.2	Sundries.....	102.4	102.1	101.2	+0.3	+1.2
Baltimore						Richmond					
All Items.....	100.7	100.6	99.8	+0.1	+0.9	All Items.....	100.8	101.3	99.7	-0.5	+1.1
Food.....	96.3	96.6	97.8	-0.3	-1.5	Food.....	96.2	97.4	97.6	-1.2	-1.4
Housing.....	101.9	101.2	100.5	+0.7	+1.4	Housing.....	102.4	102.0	100.7	+0.4	+1.7
Apparel.....	100.5	100.4	100.6	+0.1	-0.1	Apparel.....	99.5	100.4	98.8	-0.9	+0.7
Transportation.....	105.0	106.9	99.2	-1.8	+5.8	Transportation.....	104.2	106.5	99.8	-2.2	+4.4
Sundries.....	103.0	102.3	101.8	+0.7	+1.2	Sundries.....	103.6	103.1	101.8	+0.5	+1.8
Boston						Rochester					
All Items.....	100.6	100.3	99.5	+0.3	+1.1	All Items.....	101.1	101.4	100.1	-0.3	+1.0
Food.....	96.0	97.2	98.0	-1.2	-2.0	Food.....	99.5	99.9	100.0	-0.4	-0.5
Housing.....	102.5	101.1	100.8	+1.4	+1.7	Housing.....	100.9	100.4	100.0	+0.5	+0.9
Apparel.....	99.2	98.8	97.7	+0.4	+1.5	Apparel.....	98.6	98.7	99.3	-0.1	-0.7
Transportation.....	104.4	103.2	97.3	+1.2	+7.3	Transportation.....	103.8	106.5	99.2	-2.5	+4.6
Sundries.....	103.8	103.3	102.2	+0.5	+1.6	Sundries.....	103.3	103.5	101.1	-0.2	+2.2
Chattanooga						St. Louis					
All Items.....	99.6	99.9	98.0	-0.3	+1.6	All Items.....	100.3	100.5	99.5	-0.2	+0.8
Food.....	94.3	95.4	94.5	-1.2	-0.2	Food.....	96.8	97.6	97.3	-0.8	-0.5
Housing.....	100.7	100.3	99.5	+0.4	+1.2	Housing.....	101.4	101.1	100.8	+0.3	+0.6
Apparel.....	101.0	100.6	98.0	+0.4	+3.1	Apparel.....	99.6	99.6	99.5	0	+0.1
Transportation.....	105.1	106.4	99.3	-1.2	+5.8	Transportation.....	104.4	106.3	100.8	-1.8	+3.6
Sundries.....	103.3	102.9	101.2	+0.4	+2.1	Sundries.....	102.0	100.8	100.0	+1.2	+2.0
Dallas						San Francisco					
All Items.....	100.2	100.7	99.3	-0.5	+0.9	All Items.....	102.0	101.7	101.6	+0.3	+0.4
Food.....	96.4	97.9	97.4	-1.5	-1.0	Food.....	99.5	98.8	101.0	+0.7	-1.5
Housing.....	100.8	100.6	99.8	+0.2	+1.0	Housing.....	102.8	102.5	102.2	+0.3	+0.6
Apparel.....	98.9	98.7	98.9	+0.2	0	Apparel.....	100.5	99.9	99.1	+0.6	+1.4
Transportation.....	103.1	105.1	98.7	-1.9	+4.5	Transportation.....	103.1	104.9	101.2	-1.7	+1.9
Sundries.....	102.9	102.4	101.8	+0.5	+1.1	Sundries.....	104.5	103.5	102.8	+1.0	+1.7
Detroit						Wilmington					
All Items.....	102.5	102.1	100.3	+0.4	+2.2	All Items.....	100.8	100.7	99.3	+0.1	+1.5
Food.....	99.9	99.3	99.1	+0.6	+0.8	Food.....	94.6	95.8	96.1	-1.3	-1.6
Housing.....	103.9	103.1	101.5	+0.8	+2.4	Housing.....	103.0	101.9	101.1	+1.1	+1.9
Apparel.....	99.8	99.3	99.4	+0.5	+0.4	Apparel.....	101.3	99.6	98.5	+1.7	+2.8
Transportation.....	104.7	106.8	98.9	-2.0	+5.9	Transportation.....	104.2	106.1	99.4	-1.8	+4.8
Sundries.....	104.7	103.5	101.7	+1.2	+2.9	Sundries.....	104.1	103.4	101.5	+0.7	+2.6

Utilities — Their Growth Over Two Decades



PER CENT CHANGES FROM 1935



Sources: *Electrical World*; American Gas Association; National Industrial Conference Board

and equipment index were both up 1.5%; and fuel, power and water rose 1.2%.

Apparel prices increased 0.5% since February, 1955, reflecting advances in men's apparel and materials and services. Women's apparel was slightly cheaper than a year ago.

The transportation index moved up a hefty 5.2% as a result of a 2.7% increase in public transportation rates as well as a 5.7% increase in automobile transportation.

Sundries were up 2.1%, with increases recorded in all parts of that index.

Utilities—Their Growth Over Two Decades

The great changes in the living habits of American families during the last twenty years are partly reflected in the tremendous growth in the consumption of energy—both gas and electricity—for residential purposes.

As can be seen in the accompanying chart, residential consumption of gas over this period has increased 400%, and consumption of electricity is over eight times greater. For both, the main part of the increase came after 1945. And the rate of growth since then has been steady and sustained, as the almost straight lines in the chart show.

However, close inspection of the data shows that the earlier period of depression and war actually impeded this tremendous growth only slightly. When compared with consumption per customer, it is evident that the main increase stemmed from the many more uses gas and electricity have been put to in the home. By 1945, gas consumption per customer had increased 38% over 1935. And by 1955, it was 180% higher. The figures for the use of electricity are even more staggering: 82% and 307% respectively! In other words, a family got along with 677 Kwh. annually in 1935, while in 1955 it used 2,755 Kwh. For gas, this was 3.0 million therms in 1935 compared with 8.4 million in 1955.

Prices, on the other hand, show a different picture. In 1945, both gas and electricity rates were actually lower than in 1935, according to the Board's index. And in 1955, electricity was 14% cheaper than twenty years ago, but gas rates had increased almost 9%. A year-by-year check on prices for both utilities shows that they decreased steadily from 1935 through 1945. But in the following two-year period, a slight price rise was recorded for gas, with a steeper increase following between 1948 and 1949. Gas prices remained stable from 1949 to 1951, and then started climbing again, with this upward trend lasting through 1955.

Electricity rates fell through 1947, rose between '47 and '49, and then fell again during the following year. They showed an upward trend from 1950 through 1955. This upward trend, however, was slightly less steep than that for gas.

But the over-all price movement of both these utilities has been very small when compared with the 87% increase in the general price level since 1935.

HELEN BACHNER
Statistical Division

The Case Method

(Continued from page 120)

Some group members get left behind by the rapid-fire questioning that takes place. Because there are few reference points to check back to, participants often spend a great deal of time probing in the dark.

3. The Abbreviated Case

Has any way been found to provide all group members with full access to information and still avoid the long preparation required by Harvard's lengthy documentaries? Many companies believe that the answer lies in the use of the abbreviated case. These cases are similar to Harvard cases in every respect except that they are greatly condensed. Most abbreviated cases run to a length of approximately two pages. Within this short space, the high points of the case situation are presented briefly and without elaboration. All excess information, which is not entirely relevant to the case, is discarded. This approach is used by many companies, including Otis Elevator, Eastman Kodak, and Ford Motor Company. It has three identifying characteristics:

- It is brief.
- It is objective, containing a minimum of interpretive material.
- It is organized for clarity. The exercise of identifying hidden issues is sacrificed for brevity and ease of understanding.

Advantages

Many training directors express a strong preference for this type of case. Its brevity, of course, offers important advantages. It cuts preparation time to a minimum. And the reading of an abbreviated case seldom requires more than fifteen minutes. Such cases can be assigned at the beginning of each discussion period, which assures the participants being adequately prepared and therefore having a better grasp of the case problem.

Also, since the abbreviated case pinpoints issues by presenting only the highlights of each case, it helps to keep discussion on the track. Case sessions are less prone to meander from the central issues. This simplifies the leader's task of guiding the discussion along profitable lines and avoids the danger of time-consuming digressions.

Another important advantage is that the group is seldom lost or separated from the facts. The simple, brief, reference points of the case are always before it. Because the cases are short, participants have little trouble referring back to the facts, and this also helps to keep the discussion centered on the really important issues.

The abbreviated case, like the Harvard approach, affords an opportunity for the careful analysis of statistics and records. Because facts are down in writing they do not have to be carried in the members' heads. As a result, complicated case problems can be handled effectively.

Disadvantages

But not all aspects of the abbreviated case are on the plus side. Some educators and training men believe that there are two important disadvantages.

First, because unimportant facts are eliminated in the editing process, participants forfeit needed practice in identifying the key factors of a problem. And the bare minimum of information which appears is presented in such an orderly manner that participants have little trouble in seeing the central issues. Many authorities believe that this makes the analysis of cases too simple. In actual practice, a manager often must weigh and discard a host of secondary issues before he is able to identify the important considerations. The abbreviated case allows little training in this process.

A second drawback is that the abbreviated case requires experienced executives in the role of case writers—since the process of preparing an abbreviated case involves weighing many factors and selecting only the critical issues for discussion. Most companies feel that they cannot spare men with this background and ability for the job of case writing.

4. The Recorded or "Canned" Case

Many managers, particularly at lower levels, find the reading of cases a difficult task. Some companies make the job of case preparation simpler and pleasanter by letting the discussion group listen to recorded dramatizations of case problems.

The outstanding advantage of the recorded case is that it gets across the important facts without preliminary reading. It is especially suited to the presentation of problems which can be described through spoken interviews—such as labor disputes, grievances, reprimands, and counseling problems.

Recorded cases, however, have two important limitations. First, their effectiveness is generally confined to the presentation of dialogue situations. Second, the oral form of presentation restricts dealing with higher-level management problems, such as planning, organization, decision-making, etc., by forcing participants to carry the information in their

heads—the same disadvantage encountered in the Incident Process.

COMPARISON OF TECHNIQUES

Which case approach is best for management training purposes in industry? Training directors answer that the various approaches to case discussion cannot be rated one over the other. Each method works effectively under certain conditions. It is important to weigh the available case methods in terms of the objectives which the company has in mind and of the people who will participate.

Five questions are especially important to consider before selecting a case approach.

What skills does the program seek to develop? If the skills of judgment and logical thinking on top-level management problems are wanted, the Harvard or the abbreviated approach are often worthwhile. If, on the other hand, the participants need practice in fact-finding, the Incident Process provides a lively and challenging exercise. Most companies agree that the recorded case presentation is effective for analysis of human relations problems.

What level of manager does the program seek to develop? The training of foremen and middle management people may require a different approach than the development of higher-level executives. At the foreman level, recorded and audio-visual presentations are often effective because they can be imparted without effort and, also, they deal in areas of human relations, such as grievance handling, order giving, etc., which are important at this level.

The development of administrative skills and knowledge needed for higher-level executive work, however, frequently requires the more academic Harvard or abbreviated case approach. Problems involving planning, financing, or organization, for example, seldom can be presented orally. They require written and sometimes lengthy explanations.

How much time can be devoted to discussion? When time is available for prolonged discussion, the Harvard case approach provides the opportunity for concentrated study and analysis. However, when time is at a minimum, companies find that the abbreviated case or Incident Process methods are fast paced and time saving.

How much preliminary study is possible? The Harvard case requires extensive preparation before each discussion period. If such time is not available, the Incident Process and the abbreviated case provide at least adequate means of imparting the essential information quickly and effortlessly.

Finally, it is important to determine the type of cases that are available. Lack of suitable cases is a common reason why many companies abandon efforts to develop a case program. One medium-size chemical

company, for example, after experimenting with the case method for over a year, abandoned the project. The training manager explained that no one could be spared for the research and preparation required to gather case material.

HOW TO SECURE CASES

In answering the question of where to find suitable cases, three methods of securing case material are available: (1) published casebooks, (2) tapping the experience of the company's own executives, and (3) use of professional case writers.

1. "Casebooks" prepared for company use are published by the leading universities of the country, with approximately fifty different textbooks now available to choose from. These contain the favorite cases of university instructors.

The use of casebooks, however, presents two drawbacks. First, the cases tend to be lengthy and over-

documented. Many companies find them more suited to academic needs than to business requirements. In addition, many of the cases deal with problems that are too far removed from an individual company's problems.

2. To secure cases which deal directly with the company's own operations, many organizations have developed case libraries of their own. Most training men agree that the best cases are based upon the actual experiences of seasoned managers. But, it is often difficult to acquire such cases because veteran managers are frequently too busy to help in their preparation.

How do companies overcome this obstacle?

When one company that had used the case method for many years decided to undertake a program of case gathering, it appointed case researchers in each of the company's plants to interview company managers for suitable case experiences. The research men reported the material in case form and then submitted it to the headquarters training manager for final editing. In this way, the company has collected a library of approximately 120 cases.

The method of collecting cases used by General Electric is different but equally effective. G.E. requires the seminar participants to help in preparing the cases. In fact, it makes admission to the product planning seminars contingent upon submitting a two-page case. By this simple requirement, G.E. has been able to collect a library of several hundred cases. And since its seminars are attended by veteran executives, the cases submitted reflect sound knowledge of company problems and practices.

3. Some companies, such as American Can, hire the services of professional case writing firms. This is sometimes the best and quickest way to collect a private library of cases custom-tailored to meet the company's needs.

PREPARATION OF CASES

What makes a good case? This is probably the hardest question to answer in dealing with case instruction. Some very promising cases turn out badly. Others, originally considered weak, produce some of the liveliest discussions. Few training directors are willing to offer hard and fast rules governing the preparation of successful cases. Most agree that a good case discussion depends on a number of ingredients, four of which are frequently considered important.

An *issue*, or dramatic conflict, is necessary to enliven a case situation. Most respondents feel that interest in the case is raised when something important is at stake, such as a clash of irreconcilable interests. For example, in Harvard's famous Dashman case, a purchasing vice-president's interest in central-

Ten Casebooks for Management Training

Space limitations prevent listing all available casebooks. A random sampling is shown here.

Introduction to Industrial Management, 4th edition, by Franklin E. Folts, McGraw-Hill Book Company, Inc., New York, 1954, 684 pp. \$6.50

The Administrator: Cases on Human Relations in Business, by John D. Glover and Ralph M. Hower, Richard D. Irwin, Inc., Homewood, Illinois, 1952, 740 pp. \$6

Case Problems in Finance, by Pearson Hunt and Charles M. Williams, Richard D. Irwin, Inc., Homewood, Illinois, 1953, 519 pp. \$6

Case Studies in Industrial Management, by J. M. Juran and N. N. Barish, McGraw-Hill Book Company, Inc., New York, 1955, 256 pp. \$5

Cases in Personnel Administration, by Ben A. Lindberg, Prentice-Hall, Inc., New York, 586 pp. \$6.50

Personnel Administration, 2nd edition, by Paul Pigors and Charles A. Myers, McGraw-Hill Book Company, Inc., New York, 1951, 614 pp. \$6

Problems in Business Administration: Analysis by The Case Method, by Thomas Raymond, McGraw-Hill Book Company, Inc., New York, 1955, 373 pp. \$5.50

Problems in Labor Relations, by Benjamin M. Selekmán, Sylvia K. Selekmán and Stephen H. Fuller, McGraw-Hill Book Company, Inc., New York, 1950, 672 pp. \$7

Policy Formulation and Administration, revised edition, by George Albert Smith, Jr. and C. Roland Christensen, Richard D. Irwin, Inc., Homewood, Illinois, 1955, 759 pp. \$8

Introduction to Sales Management, by Harry R. Tosdal, McGraw-Hill Book Company, Inc., New York, 1950, 632 pp. \$6.50

izing purchasing runs headlong against the apparent desires of the purchasing managers to exercise independent authority.

Impartiality, or the complete absence of value judgments, helps the group to do its own thinking. Most training men feel that value judgments harm a case by biasing the group members toward one or another conclusion. A case containing the writer's explanation of the causes of a problem or the reasons for an action prevent the group members from deducing these matters for themselves.

Documentation—clothing the case with specific names, titles, and statistics—trains the group members to develop an eye for detail and the habit of asking who? when? and how much? It trains managers to demand specific answers. Training directors advise, however, that in using specific information it is sometimes necessary to disguise the true names, titles, and statistics to protect the company and individuals. Nevertheless, where this applies, most respondents believe that it is better to use disguises than to leave such information vague.

Authenticity, or use of case situations that have actually occurred, sharpens the group's interest in the case by presenting true-to-life situations. Training directors warn that imaginary or "fabricated" cases are easily recognizable, and that use of such cases tends to weaken the credibility of the case situation, causing a loss of interest.

SUCCESSFUL LEADERSHIP OF CASE DISCUSSIONS

Many educators and training managers consider the leader's role to be the most important aspect of a successful case session. The training director of a large retail chain puts it this way:

"A case session is as good as but no better than its discussion leader. We've tried alternating leaders, using the same case material, and we have come to one conclusion: the leader is the main factor determining whether a session is mediocre or first rate."

Several characteristics of the case session make the discussion leader's role of primary importance. He must be a skillful guide and prodder, rather than an instructor. While refraining from interjecting his own opinions, he must be able to steer the discussion along lines that will be productive. Under these conditions, successful leadership requires considerable talent and tact. As J. D. Glover and R. M. Hower state in their foreword to "The Administrator,"¹ a case book, "a large part of the case method's success or failure depends upon the relation which obtains between the instructor and the students. One of the instructor's main concerns, therefore, will be rapport with the class. This ultimately depends on the instructor's

intelligence, patience, tolerance, and understanding as manifested by his daily behavior."

Since the case method depends upon allowing the group members to develop their own principles, the experienced leader avoids taking sides in a discussion.

As one personnel manager says: "Many leaders use the case session as a platform for their own pet theories. We found that nothing destroys the atmosphere of a case discussion more than this."

The value of the case method in changing attitudes without arousing resentment also rests on the tact and patience of the discussion leader. If participants are to profit from a case session, they need a permissive atmosphere in which they can put forth their ideas without fear of the leader's rejection, derision, or blame.

Since the primary aim of the case method is to develop habits of logical thinking, the discussion leader must be capable of reasoned and logical analysis himself. In order to act as a guide to the subject, he must be able to recognize the central issues and identify the underlying causes of the problem well in advance of the group.

What guideposts can be set up to help the discussion leader direct a case session? Successful case leaders have found that it is helpful to observe five rules in handling case discussions:

1. The leader should come adequately prepared.
2. He should remain in the background as much as possible.
3. He should develop a permissive atmosphere—that is, one in which group members will feel free to express their ideas without the leader reacting in the form of rejection, derision, blame, or authoritarian injunctions to think along certain lines preferred by him.
4. The leader should avoid interjecting his own point of view.
5. He should follow the summary and question technique—that is, summarize what has just been said, and then immediately follow it with another question.

SCOTT NICHOLSON

Division of Personnel Administration

Management Bookshelf

The Psychology of Industrial Conflict—An application of basic psychology to labor relations. The book begins with chapters on perception, motivation, frustration and aggression, group behavior and leadership. The final chapters deal with the application of basic psychological principles to labor and management tactics in day-to-day relations, negotiations and strikes. The book concludes with a description of the psychological climate necessary to establish union-management cooperation and industrial peace. By Ross Stagner, John Wiley & Sons, New York, New York, 1966, 550 pp. \$8.

¹ Published by Richard D. Irwin, Inc., Homewood, Illinois, 1952.

Wage Adjustments Announced Prior to March 15, 1956

Company and Union(s)	No. and Type of Employees;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Apparel				
Interwoven Stocking Company Martinsburg and Berkeley Springs, W. Va.; Hagerstown, Md. <i>Hosiery Workers, AFL-CIO—WE</i> <i>No union—S</i>	n.a. WE & S 2-10-56	\$.07 per hr.—WE \$3 per wk.—S	(1) 2 add'l. pd. hols. (2) Double indemnity for accidental death	Result of contract expira- tion. Contract term—1 yr.
Chemicals and Allied Products				
Allied Chemical & Dye Corp. Hopewell, Va. <i>District 50, Mine Workers, ind.</i>	1,500 WE 1-12-56	\$.118 per hr.	1 add'l. pd. hol.	Result of wage reopening. Contract expires 1-11-57
American Enka Corporation Enka, N. C. <i>Textile Workers, AFL-CIO</i>	2,600 WE 12-5-55 (signed 1-13-56)	\$.05 per hr.; add'l. \$.02 to \$.06 per hr. to certain main- tenance craft classifications	(1) 3 wks.' vacation after 15 yrs. (2) Life and accidental dismemberment ins. incr. to \$3,000 from \$2,000, eff. 2-1-56	Result of wage reopening. Contract expires 5-26-58. 2 add'l. wage reopenings 6 mos. apart
Celanese Corporation of America Rome, Ga. <i>Textile Workers, AFL-CIO</i>	1,150 WE 2-8-56	\$.1018 per hr. (5.925% plus \$.02 per hr. to 111 selected employees)	n.a.	Result of wage reopening. Contract expires 2-12-57
E. I. du Pont de Nemours & Co. Seneca, Ill. <i>Chemical Workers, AFL-CIO</i>	338 WE n.a.	\$.07 per hr.	n.a.	Result of wage reopening
General Aniline & Film Corp. Linden, N. J. <i>Distillery, Rectifying, Wine and Allied Workers; General Industrial Workers—both AFL-CIO</i>	1,062 WE 313 S 2-1-56	\$.09 per hr. 2-5-56; add'l. \$.075 per hr. 2-1-57	2 hrs.' pay or time off, at company's option, on elec- tion day	Result of contract expira- tion. Contract term—2 yrs. 3-day work stoppage pre- ceded settlement
Monsanto Chemical Company Interstate <i>Oil, Chemical and Atomic Workers; Chemical Workers; IUE—all AFL-CIO</i>	7,300 WE 1-1-56 (pensions) 2-1-56 (insur- ance and hosp.)	Wages not an issue	(1) Pensions: min. SS and pension incr. to \$164.75 per mo. from \$120.; lib- eralized early retirement and permanent total disability pensions (2) Group hosp. and ins. incr. without add'l. cost to employees	Result of contract expira- tion. Contract term—5 yrs. (pensions); 3 yrs. (hosp. and insurance)
Shulton, Incorporated Clifton, N. J. <i>Teamsters; Chemical Workers— both AFL-CIO</i>	650 WE 2-1-56	9.5%	(1) Cost of living adj. 2-1-57 (2) 2nd shift premium incr. to \$.10 per hr. from \$.08 (3) 1½ times pay for hol. work in addition to hol. pay (4) Inclusion of shift premi- um in hol. pay	Result of contract expira- tion. Contract term—2 yrs.
Swift & Co. Oil Mill Portageville, Mo. <i>Oil, Chemical and Atomic Workers, AFL-CIO</i>	50 WE n.a.	\$.045 per hr.	None	Result of contract expira- tion. Contract term—1 yr.
Communications				
American Cable & Radio Corp. Interstate and Honolulu, T. H. <i>Communications Workers, AFL-CIO</i>	1,400 WE 1-2-56	\$.10 per hr. (\$.02 to \$.24)	n.a.	Result of contract expira- tion. Contract term—1 yr.

Wage Adjustments Announced Prior to March 15, 1956—Continued

Company and Union(s)	No. and Type of Employees;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Electrical Machinery, Equipment and Supplies				
Diehl Manufacturing Company Somerville, N. J. <i>Diehl Employees Union, ind.</i>	3,000 WE 300 S 2-6-56	\$.06 per hr.; add'l. \$.06 annually	(1) 8th pd. hol. eff. 1959 (2) Company to pay half of incr. cost of Blue Cross and Blue Shield	Result of contract expiration. Contract term—5 yrs.
International Resistance Company Philadelphia, Pa. <i>IUE, AFL-CIO</i>	n.a. n.a.	\$.04 to \$.10 per hr.; add'l. \$.05 to \$.10 per hr. in 1957	(1) Improved hosp. sickness and accident ins. (2) 9th pd. hol. (3) 3 days' funeral leave instead of 2	Contract expires 4-1-58
National Video Corporation Chicago, Ill. <i>Auto Workers, AFL-CIO</i>	500 WE 4-26-56	\$.08 per hr.	None	Result of wage reopening. Contract expires 9-1-57
Westinghouse Electric Corporation Elmira, N. Y.; Bellefontaine, O.; Montevallo, Ala. <i>Electrical Workers, AFL-CIO</i>	1,475 WE 10-15-55 to 12-3-55 (signed 1-56)	3%; add'l. 3% 1956 and 1957; add'l. 3.5% 1958 and 1959. Skilled trades adj. up to \$.12 per hr.	(1) Add'l. day vacation for each yr. between 11 and 15 yrs. (2) Liberalized pension benefits (3) Company-paid pension plan extended to Bellefontaine for first time (4) Liberalized group ins. (5) 8 days pd. funeral leave (6) Cost of living allowance	Result of wage reopening. Contract term—5 yrs.
Sunnyvale, Cal. <i>Teamsters, AFL-CIO</i>	85 WE 10-15-55 (signed 1-20-56)	Same as above	Same as (1), (2), (4), (5) and (6) above	Same as above
Bath, N. Y. <i>Flint Glass Workers, AFL-CIO</i>	n.a. 10-15-55 (signed 2-9-56)	Same as above except that skilled trades are adj. up to \$.035 per hr.	Same as above	Result of wage reopening. Contract term—5 yrs. (4-yr. extension)
Fabricated Metal Products				
Schaefer, Inc. Minneapolis, Minn. <i>Sheet Metal Workers, AFL-CIO</i> <i>No union—S</i>	275 WE 30 S 1-1-56	\$.08 per hr.—WE \$.14 per mo.—S	None	Result of contract expiration. Wage reopening 1-57
Food and Kindred Products				
General Mills, Inc. Minneapolis, Minn. <i>IUE, AFL-CIO</i>	1,000 WE 3-1-56 (signed in Jan. and Feb. 1956)	\$.129 per hr.	n.a.	n.a.
Sidman, Pa. and Bluefield, W. Va. <i>Mine Workers, ind.</i>	27 WE 2-1-56 and 2-11-56	\$.05 per hr.—Sidman \$.06 per hr.—Bluefield	n.a.	n.a.
Stockton, Cal. and Toledo, O. <i>Grain Millers, AFL-CIO</i>	223 WE 1-25-56 and 3-1-56	\$.077 per hr.—Stockton \$.10 per hr.—Toledo	n.a.	n.a.
San Jose and Fresno, Cal. <i>Teamsters, AFL-CIO</i>	4 WE 7-11-55—San Jose; 4-1-56—Fresno	\$.15 per hr.—both locations	n.a.	n.a.

Wage Adjustments Announced Prior to March 15, 1956—Continued

Company and Union(s)	No. and Type of Employees;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Leather and Leather Products				
Buxton, Inc. Springfield, Mass. <i>Leather Goods, Plastic and Novelty Workers, AFL-CIO</i>	600 WE 1-1-56	\$.06 per hr.—base rates, 4%—incentive rates; add'l. \$.05 per hr. and 3% on 1-1-57 and 1-1-58	(1) 3 wks.' vacation after 10 yrs., if perfect attendance during previous yr. (2) Hiring rate automatically incr. after 8 wks. of uninterrupted employment (3) Company - paid hosp. benefits of \$12 per day eff. 1956; company-paid surgical plan eff. 1-1-57 (4) Company-paid life ins. of \$1,500 eff. 1-1-56, incr. to \$2,000 in 1957 and to \$2,500 in 1958 (5) Company-paid major medical ins. eff. 1-1-58	Result of contract expiration. Contract expires 12-31-58
Skyway Luggage Company Seattle, Wash. <i>Luggage Workers, AFL-CIO</i>	300 to 500 WE 11-15-55 (signed 1-12-56)	\$.05 per hr. across the board; \$.0933 per hr. av. incr. in min. rates; add'l. incr. annually	(1) Attendance bonus (2) 1 add'l. pd. hol. after 4 yrs.	Result of contract expiration. Contract term—5 yrs.
Machinery (except Electrical)				
American Bosche Company Columbus, Miss. <i>IUE, AFL-CIO</i>	882 WE 1-16-56	\$.11 per hr.; add'l. \$.06 per hr. 1-16-57	(1) Jury-duty pay (2) 6th pd. hol. (3) Life ins. incr. to \$2,000 from \$1,000 (4) Liberalized maternity benefits	Result of contract expiration. Contract term—25½ mos.
Caterpillar Tractor Co. Joliet, Ill. <i>IAM, AFL-CIO</i>	3,350 WE 1-27-56	\$.09 per hr., with add'l. \$.04 to \$.07 per hr. to skilled trades. Add'l. \$.06 to \$.07 per hr. on 1-16-57 and 1-16-58	(1) SUB plan (2) Liberalized ins. and pensions (3) 7th pd. hol. (4) Shift premium incr. to \$.12 from \$.09 (5) Cost of living allowance	Result of contract expiration. Contract term—3 yrs.
Food Machinery and Chemical Corp. Lakeland, Fla. <i>Boilermakers, AFL-CIO</i>	234 WE 2-24-56	\$.077 per hr.	n.a.	Contract expires 2-24-57
Minerals				
Olin-Mathieson Chemical Corp. East Alton, Ill. <i>District 50, Mine Workers, ind.</i>	56 WE Retroactive to 12-1-55 (signed 1-10-56)	5% general (\$.0807 per hr.); add'l. \$.02 per hr. inequities	(1) 7th pd. hol. (2) 2 wks.' vacation after 3 yrs. instead of 5 yrs.	Result of contract expiration. Contract term—1 yr.
Paper and Allied Products				
Ottawa River Paper Company Flint, Mich. <i>Pulp, Sulphite and Paper Mill Workers, AFL-CIO</i>	184 WE 12-1-55 (signed 1-56)	\$.06 per hr.; add'l. \$.06 per hr. 12-1-56 and 12-1-57	(1) Sickness and accident benefits incr. to \$35 per wk. from \$25 (2) Vacation pay liberalized to include overtime	Result of contract expiration. Contract term—3 yrs.
Rocky River Paper Mills Three Rivers, Mich. <i>Paper Makers, AFL-CIO</i>	69 WE 1-9-56	\$.05 per hr.; add'l. \$.05 per hr. 10-56	n.a.	Result of contract expiration. Contract expires 3-1-57
Weis Manufacturing Co. Monroe, Mich. <i>Paperworkers, AFL-CIO</i>	175 WE 1-26-56	\$.08 per hr.	None	Result of contract expiration. Contract term—1 yr.
Petroleum and Coal Products				
The Carter Oil Company Tulsa, Okla. and Billings, Mont. <i>Employees' Federation; Tulsa Office Employees' Assn.—both ind.; Oil, Chemical and Atomic Workers, AFL-CIO</i> No union—1,716 WE & S	3,166 WE & S 2-1-56	6% (\$.15 per hr. min.—WE \$26 per mo. min.—S)	Shift premiums incr. from \$.06 and \$.12 to \$.08 and \$.16	Result of wage reopening based on changes in prevailing wage picture

Wage Adjustments Announced Prior to March 15, 1956—Continued

Company and Union(s)	No. and Type of Employees;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Humble Oil & Refining Company Houston, Texas <i>Employees' Federation; Railroad Trainmen—both ind; Machinists; Electrical Workers—both AFL-CIO</i> No union—S	10,000 WE 9,000 S 2-1-56	6% (\$.15 per hr. min.—WE \$26 per mo. min.—S)	Shift premiums incr. from \$.06 and \$.12 to \$.08 and \$.16	Result of wage reopening based on changes in prevail- ing wage picture
Primary Metal Industries				
National Malleable & Steel Castings Co. Cicero and Melrose Park, Ill.; Cleveland, Ohio; Indianapolis, Ind. UAW, AFL-CIO	5,000 WE 1-16-56	\$.075 per hr. av.; add'l. \$.06 per hr. 1-16-57 and 1-16-58	(1) Cost of living allowance (2) Liberalized pensions and vacations (3) 7th pd. hol. (4) Shift premium incr.	Result of contract expira- tion. Contract term—3 yrs.
Professional, Scientific and Con- trolling Instruments				
Becton, Dickinson & Co. Rutherford, N. J. IUE, AFL-CIO	1,400 WE 1-30-56	\$.08 per hr.	None	Result of wage reopening. Contract expires 3-15-57
Public Utilities				
Snohomish County Public Utility Everett, Wash. <i>Electrical Workers, AFL-CIO</i> No union—S	198 WE n.a. S 1-1-56	5.56%, WE & S	(1) Overtime plus hol. pay for work on hol. (2) 3 days' funeral leave	Result of contract expira- tion. Contract term—1 yr. 12-day work stoppage in- volved
Retail Trade				
Safeway Stores, Inc. Fort Worth and Arlington, Texas <i>Retail Clerks, AFL-CIO</i>	191 WE 2-5-56	\$.03 to \$.07 per hr. (to equal Dallas rates)	2 wks.' vacation after 2 yrs. instead of after 3 yrs.	Result of contract expira- tion. Contract term—2 yrs.
Textile Mill Products				
Elastic Fabrics, Inc. West Warwick, R. I. <i>Textile Workers, AFL-CIO</i>	70 WE 2 S 1-1-56	\$.10 per hr., WE & S	Life ins. incr. to \$1,000 from \$500	Result of wage reopening
F. P. Woll & Co. Philadelphia, Pa. <i>Textile Workers, AFL-CIO</i>	80 WE 1-1-56	\$.05 per hr.	n.a.	Result of contract expira- tion. Contract term—1 yr.
Transportation				
Columbus Transit System Columbus, O. <i>Transport Workers, AFL-CIO</i>	641 WE 1-15-56	\$.07 per hr.; add'l. \$.01 per hr. to service dept. em- ployees earning \$1.83 per hr. or more. Add'l. \$.06 per hr. 1-15-57	(1) 3 wks.' vacation after 10 yrs. instead of 12 yrs. (2) Hosp. incr. to \$12 per day from \$8; max. spe- cial services incr. to \$120 from \$80	Result of contract expira- tion. Contract term—2 yrs.
Louisville Transit Company Louisville, Ky. <i>Motor Coach Employees, AFL-CIO</i> No union—S	700 WE & S 1-1-56	\$.07 per hr.; add'l. \$.03 per hr. 1957	(1) 2 add'l. pd. hols. (2) Incr. company contri- butions to sickness and hosp. plan (3) 2-hr. work reduction 1956 and 1957	Result of contract expira- tion. Contract term—2 yrs.
San Diego Transit Company San Diego, Cal. <i>Electrical Workers, AFL-CIO</i>	130 WE 1-1-56	\$.13 per hr.; add'l. \$.04 per hr. 1-1-57	\$.04 per hr. incr. in contri- butions to health and wel- fare plan	Result of wage reopening. Contract expires 9-30-57
Transportation Equipment				
Alabama Drydock and Ship- building Co. Mobile, Ala. <i>Marine and Shipbuilding Workers, AFL-CIO</i>	3,000 WE 3-2-56	\$.13 per hr.	Adjustments in contribu- tory group hosp. and group life ins.	Result of wage reopening. Contract expires 3-2-57

Wage Adjustments Announced Prior to March 15, 1956—Continued

Company and Union(s)	No. and Type of Employees;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Cleveland Graphite Bronze Co. Div. of the Clevite Corp.) McConnellsville, O. Machinists, AFL-CIO	391 WE 2-20-56	\$1.11 per hr.; add'l. \$.07 per hr. 2-20-57 and 2-20-58	(1) Improved pensions (2) 7th pd. hol. (3) Cost of living adj. (4) Individual job reclassifications	Result of wage reopening. Contract expires 2-20-59
Caldwell, O. Steelworkers, AFL-CIO	368 WE 12-13-55	\$1.11 per hr.; add'l. \$.07 per hr. 10-31-56	(1) Improved pensions (2) 7th pd. hol. (3) Shift premium (4) Group ins. (5) Individual job reclassifications	Result of contract expiration. Contract term—2 yrs.
Canadian Wage Adjustments				
Blue Bus Lines West Vancouver, B. C. Motor Coach Employees, AFL-CIO—WE West Vancouver Municipal Employees—S	31 WE 3 S 1-1-56	\$.065 per hr.—WE 3%—S	(1) Life ins. incr. from \$1,000 to \$2,000—WE & S (2) Extra day's pay for 2 statutory hols.—WE (3) Job inequity adjustments—WE (4) Spreadover time incr. to \$.40 per hr. from \$.20 over 10 hrs. for 8 hrs. work	Result of contract expiration. Contract term—2 yrs.
Canada Metal Company, Ltd. Toronto, Ont. Chemical Workers, AFL-CIO	275 WE 12-1-55	\$.07 per hr.; add'l. \$.05 per hr. 12-1-56	None	Result of contract expiration. Contract term—2 yrs. Wage reopening provision in event of war emergency
Dow Brewery Montreal and Quebec City, Que. Brewery Workers, CLC, AFL-CIO	901 WE Retroactive to 10-1-55 (signed 11-24-55)	\$.12 per hr.; add'l. \$.05 per hr. 10-1-56; add'l. \$.10 per hr. 10-1-57	(1) 3 days' funeral leave (2) Shift premium incr. \$.02 an hr. (3) Add'l. pd. hol. (4) Company-paid hosp. and group life ins. (5) 3 wks.' vacation after 10 yrs. instead of 15 yrs.; 4 wks. instead of 3 after 25 yrs. (6) 2 sets of working clothes per yr. supplied by company	Result of contract expiration. Contract term—3 yrs.
Electric Auto-Lite Ltd. Sarnia, Ont. UAW, AFL-CIO	800 WE 150 S Retroactive to 8-1-55 (signed 12-31-55)	\$.06 per hr.; add'l. \$.08 per hr. to skilled trades, plus \$.06 per hr. 6-1-56 and 6-1-57	(1) SUB plan (2) Company-financed pension plan (3) Hosp. incr. from 70 to 120 days. Wkly. indemnity incr. approx. \$10 (4) 7th pd. hol. (5) Triple time for hols. worked	Result of contract expiration. Contract term—3 yrs. Wage reopening on job inequities once each yr.
General Motors of Canada Ltd. Oshawa, Ont. UAW, AFL-CIO	17,000 WE 2-13-56	\$.06 per hr.; add'l. \$.06 per hr. 8-1-56 and 8-1-57	(1) SUB plan (2) Improved health-medical plan (3) Improved pension plan (4) 8th pd. hol. (5) 5% and 10% shift differentials est.	Result of contract expiration. Contract expires 8-1-58
Gerber-Ogilvie Baby Foods Ltd. Niagara Falls, Ont. Teamsters, AFL-CIO	120 WE 12-12-55	\$.13 per hr.	Sick and accident benefits of \$30 per wk. paid by company	First contract; 1-yr. term
Hoover Company, Ltd. Hamilton, Ont. Electrical Workers, ind.	350 WE 12-22-55	\$.05 per hr.; add'l. \$.04 per hr. 12-22-56	None	Result of contract expiration. Contract term—2 yrs.

Wage Adjustments Announced Prior to March 15, 1956—Continued

Company and Union(s)	No. and Type of Employees;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Lake Shore Mines Ltd. Kirkland Lake, Ont. <i>Mine, Mill and Smelter Workers, ind.</i>	400 WE 5-1-56 (signed 2-6-56)	Hourly rate incr. to maintain take-home pay	Workweek reduced to 44 hrs.	Result of contract expiration. Contract term—2 yrs.
Pacific Coast Packers Ltd. Burnaby, B. C. <i>Packinghouse Workers, CLC, AFL-CIO</i>	n.a. 1-1-56	\$.11 per hr.—females \$.06 per hr.—males	n.a.	Result of contract expiration. Contract term—1 yr.
St. Regis Paper Co. Ltd. Vancouver, B. C. <i>Pulp, Sulphite and Paper Mill Workers, CLC, AFL-CIO</i>	160 WE 12-15-55	\$.06 per hr.	n.a.	Result of contract expiration. Contract term—3 yrs.
John Wood, Ltd. Winnipeg, Man. <i>Steelworkers, CLC, AFL-CIO</i>	100 WE 1-1-56	\$.05 per hr.	n.a.	Result of contract expiration. Contract term—1 yr.

*WE, wage earner; S, salaried personnel; n.a., not available.

** Fringe benefits include all benefits received by workers at a cost to employers.

Labor Leaders View SUB

(Continued from page 127)

who, because of their great seniority, would never be laid off. Thus money would be set aside not for supplementary unemployment benefits, but for termination or retirement pay as the case may be. . . . The glass plan would be preferable if one were seeking to go beyond the problem of additional unemployment benefits into the field of pension and severance pay. It is my feeling, however, that pension plans and severance pay programs should be bargained for separately.

Industry Dictates Choice

"Both plans have merit but the industry situation must dictate which is best," is the consensus of several of the labor leaders. For employees in relatively stable industries, the glass plan has great advantages, while for employees in an industry that is given to fluctuations, the Ford plan would be preferable. As stated by the head of a large former CIO union:

"In an industry where there is seasonal or periodic unemployment, the Ford-type plan appears to be the best answer. It partially meets the needs of the temporarily laid-off employee and likewise furnishes a financial incentive for the employer to do everything possible to maintain steady employment.

"In industries where the layoffs may be of a more permanent nature, and not influenced by periodic unemployment, the individual account plan, perhaps, has its advantages."

HOW MUCH INTEREST?

A generalization based on responses from only fifty unions, claiming approximately 6.5 to 7 million members, may be off base. But it seems quite evident from the replies of these union leaders, as well as statements

issued from time to time by the unions in their press, that SUB does not carry the universal interest among unions that pensions did in 1949 and 1950.

Going down the roster of unions, there are relatively few that can be tabbed as having committed themselves to a strong bargaining stand on some type of SUB or GAW plan in the near future. The Auto Workers, the Steelworkers and possibly the unions in the meat-packing industry would be in this category.

But consider the other large unions. The International Union of Electrical Workers, since its agreement with General Electric, has virtually foreclosed SUB bargaining for three years. The IUE had negotiated a SUB plan with General Motors. But, since the defeat of the Ohio referendum on unemployment compensation, the continued existence of this plan is in doubt since most General Motors Electrical Workers are in Ohio. There is no evidence from union statements issued by the Rubber Workers that it is very much interested in SUB. And among the other major former CIO unions, there is apparently more concern with other solutions to the problem of income security. The same is true of virtually all the former AFL unions, with the possible exception of the Machinists.

However, while SUB as such seems lacking in appeal, the interest in various other income-security measures stands out. Severance pay and shorter hours are stressed as possible means of gaining greater job or income stability. But liberalized state unemployment compensation is seen as the most feasible answer by the majority of the labor leaders. Even those unions that seek SUB plans do so, in one sense, because SUB provides a major lever that can be used in achieving the liberalization of state unemployment compensation.

HAROLD STIEGLITZ
Division of Personnel Administration

Studies in Personnel Policy

- No. 152—Employment of the College Graduate
- No. 151—Tuition Aid Plans for Employees
- No. 150—Handbook of Union Government, Structure and Procedures
- No. 149—Pension Plans and Their Administration
- No. 148—Retirement of Employees—Policies, Procedures and Practices
- No. 147—Company Health Programs for Executives
- No. 146—Company-Paid Sick Leave and Supplements to Workmen's Compensation
- No. 145—Personnel Practices in Factory and Office
- No. 144—Recruiting and Selecting Employees
- No. 143—Fringe Benefit Packages
- No. 142—Executive Development Courses in Universities
- No. 141—Severance Pay Plans
- No. 140—Management Development
- No. 139—Company Organization Charts
- No. 138—Bulletin Boards
- No. 137—Escalators and the New BLS Index
- No. 136—Employee Magazines and Newspapers
- No. 135—Suggestion Systems
- No. 134—Cooperative Medical Programs
- No. 133—Employee Savings and Investment Plans
- No. 132—Stock Ownership Plans for Workers
- No. 131—Employee Induction
- No. 130—Time Off with Pay
- No. 129—Communicating with Employees
- No. 128—Computing the Cost of Fringe Benefits
- No. 127—Union Security and Checkoff Provisions
- No. 126—Controls of Absenteeism
- No. 125—Information Racks—A New Communications Medium
- No. 124—Developments in Supervisory Training
- No. 123—Letters to Nonsupervisory Employees
- No. 122—Evaluating Managerial Positions

In the April Business Record

More Goods and Services—Our productivity gains have averaged 2% a year over the past half century. And since the war, the rate has been better than 3%. At the 2% rate we would be producing \$650 billion twenty years from now; at the 3% rate, \$800 billion. In discussing eight current projections, this article says the usefulness of any one of them "rests not so much on its final accuracy as on the precision with which its inherent interrelations are spelled out. . . ."

How Well or Not Well Off Are the Farmers?—The answer depends somewhat on how one measures the welfare of the farm sector as against other sectors, and whether one includes off-farm earnings, considers per farm earnings, the trend of farm land values, etc. Charts illustrate "The Farm Problem: Sifting the Facts," and a box highlights recent government action.

Basis for Optimism—In some respects, "the first quarter resembles the end of an adjustment as much as a beginning" This month's "Business Highlights" marshals the facts on both sides for your consideration.

Survey on Selling—The multiplicity of today's marketing problems is highlighted by the fact that only seven out of 203 companies are able to report no particular problem facing them in 1956. The sales problems of the other 196 are many and varied, but eleven are most frequently mentioned. What they are and what companies are doing about them are part of a twelve-page report.

Published by THE CONFERENCE BOARD

460 Park Avenue, New York 22, N. Y.

You can't
do it all
in April!



These days, recruiting college graduates might be thought of in somewhat the same way that a careful gardener thinks of his garden. It's not just a matter of rushing out in April, putting some seeds in the ground, and then waiting for the flowers to bloom in June. He knows his garden is more like a year-around job.

And so with the company that expects to meet its quota of college recruits. Last-minute visits to the campuses are no longer sufficient in today's sellers' market. And this, of course, is doubly true when it comes to securing engineering graduates.

Therefore many companies find it worthwhile to have close contacts with several colleges throughout the year. In this way, college authorities get to know a good deal about a company, its policies, and the opportunities that it offers. Also, professional interviewers are often sent to visit the campuses—for companies have learned that it pays to use well-qualified representatives.

The Board's new report, "Employment of the College Graduate," tells how 240 American companies recruit, select, and train college graduates. Recent salaries and salary trends for the past fifteen years are discussed. And the ideas and attitudes of company executives on various recruiting practices are included, along with many forms and charts supplied by the cooperating companies. "Employment of the College Graduate" is being mailed to Associates this week.

EMPLOYMENT OF THE COLLEGE GRADUATE

Studies in Personnel Policy, No. 152